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# ADMIRAL ON DEFENDING NATO'S NORTHERN FLANK

Stuttgart MARINE-RUNDSCHAU in German Jan 81 pp 5-13

[Article by Wolfgang Benzino, vice admiral, deputy commander Allied Forces Baltic Approaches: "Courses of Action in Defending NATO's European Northern Flank"--published in English]

[Text]

As it is easily recognizable by an unbiased examination of the past since 1945 the policy of the Soviet Union has been determined by both her Communist ideology and her imperialistic striving for power which has been aimed at lastingly changing the existing strategic constellation in her favour in essential parts of our globe by means of a military build-up that can only be called gigantic. Nevertheless we should not fail to recognize that it is still difficult and risky for the Soviet Union to use her overdimensially great military power in a direct confrontation with the West. Under the cover of an alleged policy of détente, skillfully concealed and unilaterally interpreted, she has been aiming at outflanking the countries of the free world and particularly NATO's defence line running from northern Norway to eastern Turkey.

This Soviet intention has on no account escaped NATO's notice and the Atlantic Alliance has thus been committed to clearly focus its attention to the regions at its flanks. This does not mean that the central sector constituting the very core of the Alliance on the continent – i. e. the sector between the Elbe river and the Alps – thus lost its importance. The Soviet Union's maritime expansion in itself indicates as little a complete shift of the main threat from the continent to the sea as it would be wrong to assume that the centre could remain unmolested if the flanks would be attacked. Given this fact and on account of the Soviets being aware of the hazard involved in a frontal attack against the relatively strongest sector of the Western Alliance alone it was quite obvious for NATO to make its weaker command areas in the north and south of Europe the startingpoints of its defence planning from the very beginning in order to preclude possible attack allurements by the potential enemy in the east. As to the European north, this flank region does not have absolutely fixed geographic borders everywhere; more than anywhere else sea power would here play its part which in contrast to the exclusively continental approach does not think in clearly defined frontal sectors but in areas.

As is well-known, sea power is based on the capability of using the oceans for trade and the exploitation of sea resources. Furthermore it is based on a fleet strong enough to protect friendly merchant vessels at sea and, if necessary, to deny the enemy the use of its maritime lines of communication. In addition, real sea power depends on the possession of appropriate bases, i. e. of strong-points which can be sufficiently well defended and are logistically strong; from these bases the fleet must be able to operate on the surface, under water, and in the air.

Unfortunately Western superiority which was formerly never doubted and could rather be called traditional has in the meantime no longer become a given and unchallenged quantity, notwithstanding existing geostrategic advantages. The Soviet Union obviously demonstrated that she is absolutely familiar with the criteria of sea power. The strong competition which the merchant and fishing fleets of the West are exposed to by the Eastern Bloc has already become seriously noticeable with the free economies of the West. Furthermore the Soviet Union has systematically accelerated the build-up of a remarkable and effective high-seas fleet since the Cuba crisis in 1962, notwithstanding the fact that she had the numerically strongest submarine fleet soon after Word War II anyway. Since the Soviet Union's lines of communication chiefly run on the Euro-Asiatic continent the construction of a surface fleet on which the Soviets would not be dependent to protect her own coasts – at least not on a fleet of such a size – must be assessed as a strategically offensive measure. One can, therefore, not overlook that the Soviet Navy is excercising its influence on almost all oceans politically, i. e. by showing its flag, with its main effort lying already dangerously close to important sources of raw materials and to those trade routes that could potentially be decisive for the survival of the free Western world. The Soviet Union's maritime strategy has only an undeniable weakness in the lack of favorably situated jump-off and supply bases for her four fleets when trying to get free access to the oceans.

In this respect it is particularly NATO's European northern flank that inconveniently blocks the Soviets' urge to get optimum positions for operations in the free Atlantic in case of war. This northern area command of SACEUR comprises Norway, Denmark, and that part of the Federal Republic's territory which lies between the German-Danish boundary and the Elbe river, i. e. Sleswig-Holstein and Hamburg.

The possession of the strategic key positions in this region – Northern Norway and the Baltic approaches – is a prerequisite to NATO maintaining the operational context of its defence between the North Cape and the Alps and to its control of the northern European marginal seas, the integrity of the adjacent coast areas, and the security of the flow of sea traffic from North America. Furthermore it is absolutely necessary for the aerial defence of Western Europe including the British Isles, for the loss of Northern Norway or the Baltic approaches would give the Warsaw Pact air attack forces a chance to move their air bases in an extremely dangerous way farther to the west.

From a Soviet point of view the northern part of Norway is an area from which NATO could get first-hand information about warship movements and troop concentrations on the ground already during

a crisis. From there it could permanently control both the air and sea space and have the possibility of eventually denying the Soviets access to the open sea. In case of war the main tasks of the Soviet Northern Fleet, the strongest of the four available, would be the deployment of submarines armed with strategic missiles as an important part of the threat to the U.S.A. and Canada, the large-scale protection of the zones of operation of these missile-armed submarines by surface forces, and the interception of the Atlantic lines of communication as well as the supply routes of the West.

The bases of the Northern Fleet are located on the Kola Peninsula near Finmark, the most northern and most scarcely populated part of Norway. Soviet warships leaving these bases have thus always to pass through the relatively narrow sea area between the North Cape and Spitzbergen and must then run in a more or less parallel direction along the long-stretched Norwegian coast on their march from the Barents Sea through the European Northern Waters to the Atlantic. As long as Northern Norway is in the hands of NATO Soviet naval warfare operations would be met with very serious tactical disadvantages. The Soviets, therefore, have deployed considerable ground forces on the Peninsula of Kola which will be supported by both strong amphibious units and numerous air force formations. The task of this force will obviously be to seize the strategically important Northern Norwegian position by a massive attack in case of an armed conflict.

As already mentioned, there is another strategic position of primary importance in the south of the European northern flank, namely the Baltic approaches at the Skagerrak, Kattegat, the Danish Straits and the Fehmarn Belt. Effective and uninterrupted naval operations in the Atlantic aiming at cutting off Western Europe from its North American Allies nevertheless imply that the Warsaw Pact would be in a position to make full use of its Northern Fleet as well as of the naval potential of its Baltic fleets and of the logistical establishment there available. But this cannot be achieved without seizing the Baltic approaches.

This is all the more true since the Soviets and their Northern Fleet would have to rely on their powerful shipyard and repair facilities along their present Baltic coast in case of war because the facilities available in the north to support large-scale operations have so far not been sufficient. The control of the Baltic approaches, however, inevitably presupposes the conquest of the Danish main islands in addition to the seizure of Sleswig-Holstein and Jutland as well as the neutralization of at least parts of Southern Norway. Incidentally, the latter would then occur almost automatically since the bulk of the Norwegian forces is deployed in the north.

In the Baltic Sea, therefore, the Warsaw Pact with its Soviet Baltic Fleet and the armed forces of both Poland and the German Democratic Republic has not only a strong naval potential distinctly superior to that of NATO but it has also large amphibious assault forces. They would be able to land approximately 5–6000 marines in a first successful assault and to gradually reinforce the possibly established beachheads later on by Army divisions which would be brought up in merchant vessels specially equipped for this purpose.

After an appropriate build-up along the front on the continent between the Lubeck Bay and the Elbe river a total of 8 to 9 armoured and motorized rifle divisions would be ready to attack Sleswig-Holstein in several waves. Furthermore one should not disregard

the airborne forces of the potential enemy which could be committed to take the islands or key positions on the continent in the rear of NATO's defence positions.

The description of the conditions to be taken into account in dealing with NATO's European northern flank would nonetheless be incomplete unless an important *political* aspect would be emphasized which, apart from the military threat, must here be specifically considered. I mean the socalled »Nordic balance« representing a significant criterion for overall Scandinavian politics since World War II which is still valid.

This »Nordic balance« constitutes a balanced system of political relations among the Scandinavian countries rendering the special situation of each country possible and determining it by the peculiar situation of the other countries.

In the afore-mentioned system particularly Sweden, Norway, and Finland play a prominent part while Denmark has more the role of a spectator although of a highly interested one. Sweden's policy of non-alignment in peace-time with the aim of maintaining her neutrality in a possible war depends on the present political situation of Finland. It is caused by the unspoken intention of Sweden to possibly incline toward the West, if the Soviet Union would occupy by military forces Finland with which she has a pact of mutual assistance. Vice versa Finland's relative freedom of action is dependent on the continuity of Sweden's non-alignment.

But Sweden does not only relieve Finland's strain vis-à-vis the Soviet Union but also that of Norway whose NATO membership can be more easily accepted by the Soviet Union in view of the Swedish bufferzone, if there could actually be the question of accepting such an attitude from the stand-point of the Soviets. Norway, on the other hand, relieves Finland from Soviet pressure by not permitting the storage of nuclear weapons and the stationing of foreign troops on her territory in peace-time – incidentally, like Denmark –, which at the same time has a positive effect on Sweden's policy of neutrality.

As a matter of course, these minutely tuned mechanics of »Nordic balance« only function provided that neither NATO nor the Warsaw Pact try to bring their influence to bear in Scandinavia by political or even military means. Either side has so far been careful to take this fact into account. In how far the Soviet Union will, however, pursue this course in the future cannot be foreseen and might be determined by the maintenance of the overall strategic balance of power between East and West.

Should the Soviet Union, due to the overall political situation in the world at any time in the future, consider the risk of war in Europe to be calculable and decide to attack the necessary military build-up could at least not be kept secret from the West. A surprise attack with no previous preparations would indeed be theoretically possible but it does not seem to be very likely under the prevailing conditions and in the light of the Russian mentality. We also have to set out from the considerations that a serious political crisis bringing about an imminent danger of war does not come up over night but needs time to develop. It would then be necessary for the West to militarily use the early warning time whose duration can of course not be foreseen. This again would depend on the timely political decisions of a crisis management headed by sober men of determination. NATO has all the necessary institutions, both organizationally and technically, and they continually undergo tests on the highest level. Whether they would also be used executively by the statesmen responsible belongs to the political imponderabilities.

As to the military aspect, the Western Alliance has still that strength, mobility, and flexibility which would be needed to increase its deterrence in times of tension and crisis by bringing up reinforcements from abroad. Together with the locally available forces of the various member states they would be well in a position to prevent the enemy from direct aggression.

Thus the northern flank can be quickly reinforced on short notice by both European and such air forces that are stationed beyond the Atlantic. Simultaneously, European ground forces can be assembled in accordance with existing plans and brought up to the focal points over relatively short distances. In addition, we can rely on transatlantic, i. e. Canadian and U. S. ground forces arriving at Northern Norway and the Baltic area within two or three weeks. A first condition for all this, however, is not only the technical availability of means of air and sea transportation but also the political willingness of the partners in the Alliance receiving such reinforcements to meet their liabilities already previously within the scope of the defence planning. We all know that there are difficulties in this regard here and there which are mostly conditioned economically, but we must hope that they will ultimately be overcome.

Due to the numerical superiority of the potential enemy and the serious fact that he would have the bonus of the initiative on his side as far as the choice of time and place is concerned should deterrence fail, the dangerousness must not be underestimated. Vice versa geography may favour the defender if he skillfully exploits the advantages granted to him. This is as true for Northern Norway as it is true for the Baltic Sea, its straits and sounds and for the southern part of Sleswig-Holstein as well, but less so for the Danish islands themselves.

In Northern Norway the deeply cut fiords offer relatively good possibilities for the defence against amphibious operations which are detected in time. The few roads available can be easily controlled from the mountains by troops familiar with the terrain.

Other factors conditioned by nature must also be taken into account. In summer the days are very long and the nights are rather short and bright. As a matter of course, this season favours a numerically superior enemy who could attack round-the-clock particularly in the tundra regions of Finmark and in the Troms district, thus denying the defender the possibilities to relax and reorganize. On the other hand, it favours those who are capable of carrying out air force strikes of high intensity for the longest time. Airplanes, therefore, taking off from carriers operating in Northern Waters may play a decisive role for the West. Strategically the geographical conditions along the Russo-Norwegian frontier permit the conduct of delaying actions and thus evasive movements in an easier way than this could be done, for instance, in Sleswig-Holstein or on the Danish islands.

In winter-time, however, Northern Norway is wrapped in almost permanent darkness or twilight. These conditions handicap the attacker because he must inevitably move in unknown terrain and encounters a defender who has furnished the irrefutable proof of being excellently equipped and trained for both night and all-weather combat. There might also be an arctic cold or terrible blizzards hampering all movements, prohibiting air support and causing such serious conditions that survival in the combat zone could become the main problem. Under these circumstances it is much easier for the defender to move into prepared positions, which, on the whole, favours the successful conduct of defence.

At the southern end of the northern flank, in Slesvig-Holstein, the climatic conditions are by no means as extreme as in the very north but there too the terrain offers the defender some advantages, at least near the German-German frontier and in the lake area in eastern Holstein. Quicksoft bridges, hillocks, rivers, streamlets and so on as they are typical of the country represent obstacles for both wheeled and tracked vehicles which are underestimated only too often. In comparison, the firmer central ridge of the dry and sandy land region offers some advantages to the attacker. The defender has to take this into account by massing a sufficient number of friendly forces there. Actually there are stationed in Slesvig-Holstein an German Armoured Infantry Division, a Home Guard Brigade, the Danish Jutland Division, and powerful German territorial units constituting the most effective troop formations of the Supreme Commander Northern Europe. The marshes in the West of Slesvig-Holstein are hardly suitable for large-scale offensive operations. Be that as it may, it will be indispensable to rely on reinforcements from abroad to support and relieve the above-mentioned local troop units.

The whole of the eastern part of the Danish islands, i. e. particularly Zealand, Falster, Moen, and Lolland, but also Langeland and Fynen are primarily exposed to a strong amphibious threat and to the dangers coming from airborne operations. Specified strong terrain features, as the military term goes, are almost nowhere at hand, but the richly articulate coast of the Danish archipelago gives the defender some advantages at sea. Thus it is the main mission of both the German and Danish navies making use of the operational concept of a deeply echeloned forward defence to straight away prevent enemy amphibious operations within the central and eastern Baltic Sea by committing submarines, fighter-bombers, and FPBs and thus neutralize the potential enemy's initiative as early as possible. Short approach routes, good hide-outs in difficult, but well-known waters from which fast thrusts can be made again and again favour this concept in the same way as relatively easy mine-laying operations in the approaches to potential landing beaches and on the lines of communication from island to island as well as in the belts and sounds. Even airborne operations may have relatively little effect unless reinforcements can be brought up over the sea in due time. In addition, it is on account of the difficult terrain mentioned above that the Danish islands have special priority in regard to reinforcements to be moved in from abroad. Both tactically and strategically there are certain possibilities of compensating the geographically highly exposed position of Eastern Denmark.

The reinforcements for the whole of the northern flank to be brought up from abroad as they were already several times mentioned are not only on paper but exist in physical reality, which has been proved repeatedly in the course of regular exercises in the field. They come from Great Britain, the Netherlands, Canada, and the U.S.A. and primarily consist of both air and ground forces as has already been stated. The latter are especially equipped and trained for commitment in their respective zones of operation. The possibilities of their employment with the locally available forces, both regular or newly mobilized ones, are coordinated, re-examined, and adapted to the ever changing development of the situation.

In this context I would like to add another factor which should not be underestimated psychologically, but must be assessed positively.

The menacing neighbourhood of Soviet military power and the temptation to employ it which cannot be excluded led in the Scandinavian NATO-countries, Norway and Denmark, to the concept of the so-called »overall defence« which has been accepted and supported by the respective populations. Almost every man fit for service and many women have been assigned duties in the Navy, the Army, the Air Force, the Home Guard or in the civil defence organization. Sometimes outsiders do not know that the regular units can be alerted on very short notice so that behind their shield mobilization measures can be carried out without any frictions; these measures are well planned and have been regularly tested in the field. Thus both these countries can be put in a state of defence adequate to their forces within two or three days. If left alone, they would not suffice to conduct the military defence successfully, but politically it all constitutes a premise to get help from abroad and will continue to do so.

The Federal Republic of Germany also knows the concept of overall defence as a wider organizational concept for both military and civil defence. As to the latter, progress was made, particularly in Sleswig-Holstein, despite frequent public criticisms though this progress was achieved rather bashfully and secretively. Though German civil defence does not yet bear comparison with the Scandinavian example it must fairly be conceded that for merely emotional reasons the problems are more complex in Germany than they are with her two neighbours in the north. Unfortunately, an effective civil defence as, for instance, in Switzerland, has so far been out of question in all countries of the West. Admittedly, it is easier to discuss this problem than to realize it under the given technical, financial and political circumstances. As to the military aspect, the research work done by NATO's Supreme Commanders, i. e. SACEUR, SACLANT, and CINCHAN, on the problem of bringing up reinforcements from abroad in case of war at least laid out for everybody concerned the availability of such forces, the time consumed to move them in, the necessary measures to shorten this time and to increase their combat readiness.

Of course, it would be absolutely wrong to draw the conclusion that there was no longer any need to worry about the defence of NATO's northern flank in Europe. We are now at all permitted to see the things in a rosy light.

We still have to solve infrastructural and logistical problems concerning the early storage of heavy equipment and ammunition in existing depots of the guest-countries or in those which must still be erected there, the use of airbases and ports of debarkation, the transportation of the arriving units to their assembly areas, their material and personal supply or the complicated signal communication traffic, to mention just a few more technical examples out of the voluminous catalogue of planning.

Due to the situation given by the treaties as it was discussed above it is impossible to station foreign military contingents on both Norwegian and Danish territory already in peace-time.

From a strategic point of view, there must be all primary conditions for secure air and sea communications and they have to be established, if so required. Taking all this into consideration the indispensable interlocking of triphibious overall defence planning comprising the employment of ground, air, and naval forces becomes obvious. A first condition of our capability of defending the European northern flank by forces coming from abroad consists in the control by NATO of the Channel, the whole of the North Sea including the

Skagerrak, the western Baltic Sea with its straits and the Kattegat, and of the Norwegian Sea for only then can reserves be brought to Norway, Denmark, and Sleswig-Holstein.

Should deterrence fail the principal mission of SACLANT to bring up troops and material from overseas for the forward defence of our continent by SACEUR would be more difficult than ever. It now contains two elements which have to be accomplished almost simultaneously: first, the elimination of the threat by the Soviet submarines, surface ships, and long-range air forces in the North Atlantic and, second, the protection of friendly air and sea transports in the same area. To accomplish these missions one after the other would be hardly justifiable on account of the urgency of bringing reinforcements to Europe. In mentioning this I should like to emphasize that I am exclusively speaking of NATO's virtual sea area up to the Tropic of Cancer. Due to the economic dependence of the Western World on raw materials which must be shipped from the Middle East around the Cape of Good Hope, from Africa and South America even during a war there are, of course, for the navies of the United States, Britain and possibly France even beyond 23 1/2° northern latitude operational commitments on which one should not elaborate any further, if only because of a possible misinterpretation of the German defence role. The proverbial endurance of sea power – as opposite as this notion may have been in history – cannot come to bear for NATO here in Europa because of the precarious defence situation, at least not in the way it has been known until now. The problems to be solved under considerable pressure of time would however become much easier if a time of tension which can probably be anticipated would be used energetically.

But it goes almost without saying that all military planning must be supported by the political determination to timely make the necessary decisions before it can be realized.

Without any doubt this is an ambiguous venture insofar as military measures – even preventive ones – may always have an escalating effect which might be undesirable in a crisis. On the other hand, determination shown at the proper time – and there are historical examples for this – may well have a stabilizing and de-escalating effect. Fear as ultimate reasons for policy does by no means secure peace. It mostly results in extortion and ultimately in a surrender to the political will of the enemy according to the Soviet concept of »victory without war«. Nor is deterrence to be equated with a possibly weak and half-hearted reaction to the enemy's initiative. With this statement I do not want to favour any reckless or ill-considered use of military force. Even during the hottest period of a crisis it is paramount to cool-heartedly maintain the political balance of power. This requires both wisdom and courage. Generally speaking it is these two that distinguish a statesman.

We have to keep in mind that NATO's European northern flank has increasingly gained importance in the light of the extending global and maritime concept of the Soviet Union. Its break-down would have catastrophic consequences for the vital central European defence sector. This is absolutely in accordance with the ever valid doctrine of the great Clausewitz that if the flanks break the centre will break too.

Incidentally, this does not only apply to armed confrontations but it is also true for political developments before the potential use of military force. To prevent it without surrendering to the enemy's

will and to maintain the principles of our Western way of life is a political task. To accomplish this purpose the support of the military in regard to the contemplated employment of troops and direct, deliberate deterrence are necessary.

There is no doubt as to the difficulties of accomplishing the possibly given military mission. Nevertheless, it can be solved if the Alliance functions. The potential enemy has not failed to be aware of this for well-founded reasons. As long as he will be convinced of the credibility of our will to defend ourselves everywhere in Europe and of our visible, i. e. material efforts resulting from it he will continue to do so. But we should beware of the illusion the permanent challenge by Soviet imperialism would be finished by declarations of non-violence alone and peace – at least in the way we think of it – would have no price. All partners of the Alliance should not be afraid of paying this price in the interest of our common and indivisible freedom.

CSO: 3120

JOURNAL STAFFER DENOUNCES TNF AS 'STRATEGY OF MADNESS'

DW101354 Hamburg DER SPIEGEL in German 9 Feb 81 pp 110-111

[Article by Wilhelm Bittdorf: "Eurosnima," Mon Futur"]

[Text] As early as in 1983, as per existing plans, 108 U.S. medium-range missiles of the Pershing 2 type and 464 cruise missiles will be deployed in West Europe. The Pershing 2, which is equipped with nuclear warheads, can hit targets up to 1,800 km away with pinpoint accuracy.

This means that (from launching pads in the Federal Republic), Soviet cities such as Kharkov or Kaluga, just about 200 km west of Moscow, are still within the range of these missiles. The cruise missiles, likewise armed with nuclear warheads (range: 4,000 km) can destroy any target west of the Ural Mountains. An "improved" version of the Pershing missile (having a range of 2,500 km) is under development in the United States.

This missile needs 6 minutes of flight time from the palatinate to Moscow. It is the first missile altogether which is equipped with a sophisticated, new target approach system enabling it to hit a preselected object of a diameter of just 25 meters. If it is fed a computer picture of the Kremlin, it will find the Kremlin, by means of its radar scanner, in the sea of Moscow's buildings and will hit any selected point in the Soviet center of domination.

The proficiency of the technicians of the Goodyear aerospace corporation makes this possible. But not only that. A Pershing 2 already has been tested successfully on the missile testing area of White Sands with an "earth penetrator" warhead. This is an especially hard warhead which can hit the ground at a velocity of 2,200 km per hour without disintegrating.

The "earth penetrator," penetrates the ground down to 12 meters in depth. Only then does it explode its nuclear charge and destroys subterrean command bunkers and missile silos against which a nuclear projectile exploding above the ground and being less accurate might be ineffective.

No other weapons system can attack the Soviet capital and the European part of Russia even beyond Moscow eastward as surpisingly and as accurately as can the improved Pershing and the cruise missile.

The big intercontinental, ground-based Minuteman 3 missiles in their North American silos also are extraordinarily precise, to be sure, yet they need more than 30 minutes of flight from North Dakota and Montana to their Soviet targets.

The strategic missiles to be launched from aboard submarines can be let off far more closely to these targets. But they are less accurate and absolutely unsuited when it is necessary to destroy as tiny a pinpoint target as a command bunker.

The Soviets have nothing comparable to show against the United States, unless they would deploy their SS-20 medium-range missiles on Cuba with Washington as the target and thus would risk a confrontation at the brink of disaster with the Americans, as with Kennedy in 1962.

The Pershing 2 and the cruise missiles likewise envisaged for missions from Europe (with a similar accuracy) however, are a masterpiece, but not just as far as the technology is concerned. For even though it had been obvious that the new Pershing missile has an entirely new strategic quality solely by its range the arms lobby succeeded in selling these weapons to an innocent public and mentally inert politicians in Europe as a mere "counterarmament" and "modernization."

Ever since Adenauer tried to sell tactical nuclear weapons to the Germans as a mere "further development of artillery" there has not been any such brazen belittling. At the time, however, an outcry of outrage came immediately; there is still calm in the country, however, about the "modernization of the tactical nuclear forces" (albeit not in the SPD faction).

Meanwhile, U.S. strategists are linking to "counterarming" in Europe ideas which are so amazing that they should not be hidden from the public any longer.

The most terrifying threat to the Soviet Union would be the destruction of or heavy damage to its political system. This is why the United States should be in a position to annihilate essential leadership cadres, their communications facilities and some of their internal control instruments. With its excessively centralized power structure and its huge bureaucracy in Moscow the USSR would be highly vulnerable to such an attack.

The Soviet Union could cease functioning once its security service, the KGB, would be paralyzed. If the Moscow bureaucracy would be eliminated, damaged, or isolated the USSR might disintegrate into anarchy; hence the extensive air-raid protection measures intended to insure the survival of the Soviet leadership. Well-pondered target planning by the United States and the procurement of corresponding arms could contest for the USSR the certainty of its political survival.

These notes do not come from the madhouse, oh no. They come from two experts from the staff of nuclear thinker Herman Kahn's Hudson Institute, Colin Gray and Keith Payne. Their paper was printed by the Washington journal "FOREIGN POLICY." The headline: "Victory Is Possible."

The starting point of these and other strategists is simple enough: the Russians have become brazen (in Angola, Ethiopia, South Yemen, Afghanistan) because the approximate balance of the strategic nuclear weapons of both superpowers no longer deters the Kremlin bosses properly. Hence, the deterrence, and that means the threat to the Soviet Union and its leadership, must be drastically enhanced.

But this cannot be done with the "big" strategic missiles (the thinkers continue to argue); their use, even if limited, might easily trigger a total Russian strike against the United States--and that strike should be avoided if at all possible. It could work with weapons like the cruise missiles and the improved Pershing.

One could thus threaten the Soviets in a credible way with "individual surgical strikes" (Colin Gray) against selected military and political targets if they continued to behave badly, or if they even dared to threaten Western oil interests at the Persian Gulf. With the precise European missile one could blow up with an "earth penetrator" the lying, cheating, criminal Kremlin crew together with its bunker.

The Kremlin could be eliminated from the face of the world in such a "surgical" way (or at least threatened) that the "collateral damage" would be kept within limits even in Moscow. Including maybe also the KGB headquarters, who knows? Maybe the people will then run jubilantly into the streets and squares to complete the liberation work.

Happy end (say Gray and Payne). For then one could "view the coming about of a world system which would be compatible with Western values."

Being pulverized in the Kremlin bunker without the chance of a counterreaction; this fear is supposed to force the Kremlin leaders in the last instance to maintain worldwide good conduct.

Gen David Jones, the chairman of the United Chiefs of Staff in the Pentagon, said last week to the Senate Armed Forces Committee: "The Soviets must be permanently confronted with the certain prospect that a military move against American or allied interests would create a conflict, whose geographic extension, volume and degree of applied force will go beyond their (the Soviets') preparedness to run risks."

What does the general mean by that? He means: if the Soviets plan to attack the Gulf region with conventional forces, they ought to know that the United States will defend itself not only in the Gulf region and not only conventionally. Then they would have to reckon firmly with nuclear surgical strikes from Western Europe, if need be.

The strategists believe that they will thus have a "manipulable" interim stage between a conventional conflict and a nuclear catastrophe. Assuming the U.S. president would have really a few Pershing-2 missiles launched from the palatinate to Russia, not to hit the Kremlin, but important military installations--communication centers of staff headquarters, for example. Then (maintain the strategists) the Soviet leaders would still have the choice to come to reason slightly damaged, rather than to unleash the great strike against America, thus touching off their own destruction.

"Escalation control" is the term of the strategists for this Russian missile roulette to be played with the Russians. One must always be the first to have the finger at the trigger, forcing the "option" on the adversary whether he wants to get even more of it, or whether he wants to give in.

Last but not least, "counterarmament" is to serve that purpose. In order to deter or retailiate a nuclear attack which the Kremlin could undertake with its SS-20 missiles, suffices the nuclear arms potential of NATO, transported by American and British submarines and bombers in the European sphere.

Even if this potential would not suffice, reinforcement of NATO's second strike ability would make sense only if the additional missiles were stationed on hardly vulnerable submarines instead of the ground where they would hardly survive a surprising first strike of the adversary. Federal Chancellor Helmut Schmidt knew it when he wrote in 1961: "Everybody knows that so far all medium-range missiles stationed in Europe can be used for a first strike only and never for a second strike."

Pershing-2 and the cruise missiles make sense in a perverted way [widersinniger sinn] as first strike arms only. Not less than 572 arms systems of this kind are supposed to be stationed in the NATO area, most of them in the Federal Republic; West Germany is supposed to become the carrier of intensified deterrence.

The not very enviable part the Federal Republic is supposed to play, and the way in which the Soviets could view this planning, was commented on by the former Bundeswehr Lt Col Alfred Mechtersheimer: "The Soviet Union will probably assume that the American president will be prepared to use nuclear arms earlier if the stationing of medium-range missiles in Western Europe will shift the risks of nuclear war more on Europe."

Mechtersheimer mentions "Europeanization of the danger of nuclear war," permitting Ronald Reagan to handle nuclear deterrence in a more offensive way, because the American territory would not be immediately and automatically endangered even if nuclear strikes were exchanged in Europe.

But the intensified deterrence of the Soviets is nothing at all compared with the horror in which the inhabitants of the Federal Republic would have to live in the future, with the deadly fear they would experience every time a crisis takes place at the Gulf. If nevers should fail in confrontation, the Federal Germans and their neighbors would have as many chances as the inhabitants of Hiroshima on 6 August 1945.

Maybe it is therefore appropriate to put another t...m at the side of the new Eurostrategy, namely the term Euroshima.

CSO: 3103

## CRITICAL STUDY OF ENERGY POLICY 1973-1980

Frankfurt/Main FRANKFURTER ZEITUNG/BLICK DURCH DIE WIRTSCHAFT in German 15 Jan 81 p 4

/Analysis by Dr Werner Gries: "Seven Years After: Almost Total Neglect. The Account of Energy Policy Since the Oil Crisis"/

/Text/ At a time when those responsible for the Federal Government's energy policy are asking to what extent now, 7 years after the 1973 oil crisis, the Federal Republic of Germany is dependent on imports of oil and other kinds of energy, the answer is quite frightening. Let us consider the current situation of energy supplies by comparison to 1973. The key data may be sketched as follows:

Key Data of Energy Supplies

| | 1973 | 1979 | 1980 |
|---|---|---|---|
| 1. Primary energy consumption in million tons SKE /hard coal unit/ | 378.5 | 408.1 | 391 |
| 2. Percentage of oil dependence | 55.2 | 50.7 | 47.6 |
| 3. Percentage import surplus | 56.5 | 58.1 | 58.0 |
| 4. Oil bill in billion DM | 13.5 | 45.1 | 66.0 |
| 5. Crude oil price (limit) DM per ton, June | 72 | 275 | 454*) |
| 6. Reduction in oil consumption 1973-1980 ..... | | - 10.9 percent | |

*) In December 1980 at 504

We may conclude the following: The Federal Republic's dependence on oil has declined no more than slightly, from 55.2 percent to 47.6 percent of energy supplies. Dependence on the importation of energy sources has increased, in particular by higher natural gas purchases. 1980 energy consumption is still greater than in 1973, to be specific by 12.5 million tons SKE. The inflation of oil prices has had drastic effects. In the period 1973-1980--always taking June as the base month--crude oil prices free to the German border jumped by a factor of 6.3. The cost of oil imports after deduction of exports--in other words the oil account--will amount to

at least DM66 billion in 1980, compared to DM13.5 billion in 1973. In the same period of time oil consumption was reduced by only 10.9 percent. This overall consideration of primary energy consumption is reinforced by the distribution of the various energy sources.

Primary Energy Consumption of the Federal Republic of Germany in 1973, 1979 and 1980 (million tons SKE and percentages)

| Energy Source | Period | | | |
|---|---|---|---|---|
| | 1973 | | 1980 | |
| | million tons SKE | percent | million tons SKE | percent |
| Total | 378.5 | | 391 | |
| 1. Oil | 208.9 | 55.2 | 186.1 | 47.6 |
| 2. Hard coal | 84.2 | 22.2 | 77.3 | 19.7 |
| 3. Natural gas | 38.6 | 10.2 | 66 | 16.9 |
| 4. Brown coal | 33.1 | 8.7 | 37.3 | 9.6 |
| 5. Nuclear energy | 3.9 | 1.0 | 14.5 | 3.7 |
| 6. Others | 9.8 | 2.6 | 9.8 | 2.5 |

With regard to these figures we may note the following:

-- Oil consumption in the FRG declined by only 10.9 percent in 1973-1980, largely due to an about 10 percent reduction in 1980 over 1979.

-- Natural gas consumption rose by 70.9 percent. While in 1973 74.7 percent of all gas were derived from domestic sources, only 34 percent were in 1979. The trend to greater import dependence in the matter of natural gas continues.

-- In 1980 FRG hard coal consumption was still 8.2 percent lower than in 1973.

-- In 1980 nuclear energy contributed 3.7 percent to primary energy consumption. While this is a larger percentage than in 1973, the increase dwindled to almost zero in recent years.

Electric Energy Consumption Rising Faster Than Gross National Product

Primary energy consumption must be considered in conjunction with electric energy consumption and the growth of the gross national product. The following table assembles the most important data for 1973, 1979 and 1980:

Primary Energy Consumption, Electric Energy Consumption, Gross National Product 1973, 1979, 1980

| Purpose/Year | 1973 | 1979 | 1980 | Increase 1973-1980 |
|---|---|---|---|---|
| Gross national product billion DM (1970) | 763.0 | 882.50 | 900.2 | 137.2 (+ 18 percent) |
| Primary energy consumption million tons SKE | 378.5 | 408.1 | 391 | 12.5 (+ 3.3 percent) |
| Electric energy consumption billion kilowatt hours | 309.3 | 372.8 | 375 | 65.7 (+ 21.2 percent) |

In summation we may note the following from these data for the years 1973-1980: The gross national product rose by an average of 2.4 percent in the period under review, electric energy consumption somewhat more, by 2.8 percent. Primary energy consumption increased only slightly, by about 0.5 percent per annum. When we look at the past 7 years we see quite clearly that a drastic reduction has taken place in primary energy consumption compared to the growth of the gross national product; electric energy consumption, however, displayed an average growth rate above that of the gross national product. In the past 7 years economic growth was once more achieved only in conjunction with a corresponding growth in electric energy consumption.

The FRG's total 1980 electric energy consumption will amount to about 375 billion kilowatt hours. True, the use of oil for electric energy generation has declined somewhat since 1973, but in 1979 27.7 billion kilowatt hours were still generated in oil-fired power plants. We should note that electric energy production from natural gas has jumped dramatically since 1973, in fact more so than production at nuclear power plants. In 1979 69.6 billion kilowatt hours of electricity were generated from natural gas.

Considerable opportunities for oil conservation arise in the electric energy sector by the substitution of nuclear power plants for oil and natural gas fired plants. Energy conservation would be practiced and oil consumption substantially reduced if fuel oil and natural gas were moved from electricity generation to the heating sector where they are used at 70 percent efficiency instead of the 30-35 percent at power plants. I will later deal with these matters in somewhat greater detail.

Account of Government Measures 1973-1980

Since 1973 a myriad of energy programs was introduced by the Federal and Laender governments. Currently the Federal Government is preparing the third forward projection of its energy program. There is thus no lack of programs. Missing, however, is the action relating to energy policy. In addition to energy programs we

have seen various government measures which may be roughly divided into financial incentives for energy conservation or substitution and legal requirements on energy consumers. Government energy programs based on financial incentives do not exert compulsion, because it is a voluntary decision whether or not to ask for financial grants. Government measures in the form of laws and decrees, on the other hand, compel all citizens to adopt some specific behavior. In general we may note that the many laws and decrees mostly apply to that part of energy consumption which involves heating and, moreover, weigh most heavily on households and small consumers. The sector transportation and industry was barely touched by laws or decrees. Government measures focused on energy conservation, giving little backing to the replacement of oil by other types of energy. In the Bundestag the government sidetracked attempts to place greater emphasis on replacement, in particular by allowing more depreciation, or by the "distance lump sum." It should also be noted that, in the past 7 years, the permit procedure for power plants and general energy distribution facilities obstructed the replacement of oil by nuclear energy and coal. This obstruction of the use of energy generating and distributing facilities by the legislator--whether deliberate or not--had the result that energy conservation was also neglected, because new power plants, as for example coal-fired plants, have a lower specific energy consumption. New coal-fired power plants therefore provide energy conservation as well as replacement. I do not propose here to deal in greater detail with nuclear power. There is no shortage of reports pointing out the extent to which the expansion of nuclear power plants is stagnating in the FRG. By comparison to other countries stagnation is the rule here. The nuclear industry is still living off the orders placed in the 1970's, which are being completed at the expense of great efforts.

In view of the fact that the contemplation of the status quo of energy supplies does not permit any optimistic expectations we might at least hope that energy research is doing much for the future. In fact this is confirmed by a stock taking of energy research.

## Energy Research 1973-1980

The Federal Government's encouragement of energy research 1973-1980 was characterized by the lack of a firm conception; by mainly short-term considerations and neglect of the entire field of long-range energy research; by the lack of continuity in financing; by the failure to coordinate research and the possible introduction of new developments in energy technology to the market. In the nuclear sector, especially, the practical application of known techniques was prevented by permit procedures and adverse political decisions (light water reactors and the example of the fast breeder reactor).

### 1. Overall Program Energy Research

Also typical of the Federal Government's lack of coordination with regard to energy research is the fact that the 1977-1980 energy research and energy technology program has still not spawned a successor program.

Though the emphasis in government spending still remains on nuclear research, both nuclear research and nuclear technology have received somewhat shamefaced treatment in the energy research program now completed. The Ministry for Research even kept on questioning such targets of nuclear research listed in the program as the development of high-temperature reactors and fast breeder reactors.

Neither the Ministry for Research nor the Federal Government as a whole pursue a consistent policy of nuclear energy development, though this is well-nigh indispensable in view of the substantial moneys spent on nuclear energy research supplies (1980: DM1.3 billion) and the FRG's dependence on energy. In fact the Federal Government uses nuclear research/nuclear technology in the FRG as an alibi, pretending that it is committed to nuclear energy without approving the peaceful use of nuclear energy. Nuclear research and technology are often carried on in isolation, because the Federal Government describes even the utilization of nuclear energy as no more than an "option." This also means that no clear affirmation of long-term nuclear energy use is forthcoming. Research and development of new reactor systems are therefore also no more than an "option," and actually care is taken not to be in any rush to transform the resulting findings into action.

Except for America and Japan the FRG Government spends most on nuclear research and technology. However, at the present time it has the smallest nuclear energy program. We live off the completion of nuclear projects decided upon in the early 1970's. A long-range oriented nuclear research/nuclear technology makes sense only if we intend to utilize the results for the energy supply of the Federal Republic of Germany. Currently that is not the case. Prevailing at this time are short-term considerations and the absence of conceptions with regard to nuclear research and technology.

It is part and parcel of this policy that the necessary restructuring of nuclear research centers is not tackled with a view to their future tasks.

2. Non-Nuclear Energy Research

Government expenditure on non-nuclear energy research (project promotion) amounted to some DM3 billion in 1973-1980. This money was distributed as follows: To coal research 62.5 percent, rational energy use 18.9 percent, new energy sources 16.6 percent and administration 3.2 percent.

Since 1973 the Federal Government has made available about DM2 billion to the entire field of coal research and technology. Yet again we are bound to note that the Federal Government's energy research policy is not coordinated with the possible application of the results. Due to the shortage of government funds the large-scale coal refinement plants cannot be built in the dimensions previously announced. The government's framework conditions, whether relating to taxes or environmental control, have not been restructured for the benefit of the coal refinement program. (Examples: The tax on methanol, coal-derived gasoline and the catalog of criteria for coal refinement facilities) Abroad German firms are using well-known techniques of coal refinement. At home that is not the case to the extent required. There is no such thing as a breakthrough with respect to coal refinement in the Federal Republic of Germany.

Moreover, the obstruction of nuclear power plant construction by the North Rhine-Westphalian Land and the Federal governments has stymied progress with brown coal gasification. On the contrary: New brown coal power plants are under construction, thus preempting brown coal combustion through 2010. And yet it would be in the interest of the economy for brown coal to be gasified in the long run, and to make available the basic load electric energy by means of nuclear power.

Nor is there any energetic government program in the realm of coal research/coal refinement. All we have is tinkering with individual coal refinement projects, with the decisions subject to ephemeral political considerations.

In its official pronouncements the Federal Government constantly stresses the need to research and apply regenerative energy sources. The events of 1973-1980 show, though, that important aspects of the use of regenerative energy are neglected by the government promotional program.

As regards government promotion of solar energy the Federal Government focused on projects which promised quick success. However, it would really be a matter for the government to encourage long-range solar energy research, leaving short-term developments to private industry.

What Will Happen Now?

What we need are not new energy programs but actions relevant to energy policy. These actions must be oriented to the FRG's energy balance and, nowadays, take into account the foreign trade effects involved. The following offers an outline of the necessary steps:

1. In the short term mainly the replacement of oil and natural gas in the sector electricity generation by the use of nuclear power plants. For one this will save oil and natural gas in the electricity sector, freeing it for heating; for the other it will drastically increase fuel efficiency in energy consumption: From 30 percent in power plants fueled by oil and natural gas to 70 percent when used in the heating sector. The combined effects of energy conservation and replacement will result in a transfer of oil and natural gas to the amount of 50 million tons SKE per annum or 35 million tons of oil. These measures could have an enormous effect in the short term if coal imports are admitted in order to transform existing power plants using natural gas and oil into coal-fired plants. In addition refineries must be restructured so that they will be able to process the volume of heavy heating oil thus freed. If necessary the government should provide an incentive by offering accelerated depreciation.

2. No progress has been made in the review of government regulations, laws and decrees relating to energy conservation and replacement. An example here is the stagnation in the permit procedure for coal and nuclear power plants. In the case of coal-fired power plants the construction of new plants would advance the practice of energy conservation and substitutes. Also important is a review of the landlord and tenant law because rents are generally calculated on the basis of "cold rental." Not even the best provisions on heating costs to be enacted shortly for privately financed housing construction can change the fact that the landlord now has little incentive for practicing energy conservation in his rentals. The heating cost calculation envisaged is merely an incentive for the tenant to conserve energy; it does not affect the landlord. An appropriate appendix is needed so that energy conservation may advance not only in owner occupied homes.

3. The condemnation of electric energy use for heating must stop. Appropriate proposals are available for the use of electricity in homes, transportation and industry. Yet no action is taken. In the medium run the greater use of electric energy for heating, preferably by way of heat pumps, could save up to 20 million tons of oil.

4. The council of experts quite properly called for the greater use of imported coal in order to replace oil, especially in industry. Here legal action is needed to annul quota restrictions.

5. Despite government programs long-distance heating has not made much progress in recent years. For the coming years also we can expect an increase of only around 5 percent per annum--despite substantial government subsidies. The rational long-distance heating potential of the Federal Republic has by no means been fully exploited. Those in charge of energy political decisions must confer with business to arrive at steps which might result in the increased use of long-distance heating by way of heat-power coupling.

Short-Term Results Urgent

All such steps could be carried out relatively quickly, and the first results could make an impact within 10 years. A reduction in natural gas and oil use by the electricity industry following replacement by German hard coal could show up quite soon in the current account. In the longer run many other steps would be meaningful, but they cannot be described here in greater detail. That is not only a task for energy research; it is also imperative that the results are made the basis of action. Current government energy policy lacks this will in the nuclear as well as the non-nuclear field. On the one hand the government itself hampers the use of research results by its framework conditions (example nuclear energy), on the other the use of regenerative energy sources often tends to be unprofitable from the standpoint of business, and the government fails to provide the necessary financial incentives. So far government incentives have been quite inadequate and the respective provisions far too complicated. Repayment of low-interest loans and subsidies via the monthly electricity bill would probably be simpler to administer than the complex application procedure which governs the present energy conservation allowance.

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CSO: 3103

## NATURAL GAS SITUATION, DEAL WITH USSR ANALYZED

Hamburg DIE ZEIT in German 23 Jan 81 p 23

[Article by Heinz Guenter Kemmer: "If Moscow Turns the Gas Tap...--Too Dependent on Russian Energy?"]

> [Text] West European gas supply enterprises are negotiating with the Soviet Union about additional deliveries of natural gas. It is a question of more than 40 billion cubic meters a year. In addition to the FRG, those interested in the gas are Belgium, France, the Netherlands, Italy and Austria and possibly also Switzerland.
>
> The gas is to be delivered from the West Siberian Peninsula of Yamal via a pipeline of about 5,000 kilometers to the eastern border of the FRG, where delivery is to be taken. The material for the pipeline, predominantly pipe and compressors, the Soviets want to buy in the West. For that purpose, Western banks are to extend them credits of DM 20 billion in all. Repayment is to be made after the start of gas deliveries, scheduled for 1985.

What failed to materialize during Carter's times because of disagreement among those affected might be torpedoed by a third party under Ronald Reagan's administration. Coming increasingly under political pressure, the planned natural gas deal between the West Europeans even threatens to fall prey to the newly riviving cold war. Thus U.S. scientist Miles Costick, chairman of the Institute for Strategic Trade, has categorically recommended to the President to stop the natural gas deal and to cancel the licenses already awarded to two U.S. firms for the delivery of relevant components.

In a study, Costick reaches the conclusion that it is the aim of Moscow to make West Europe economically dependent on it. One day the forces of the Warsaw Pact could march to West Europe without having to fire a shot. And as for the FRG, Costick thinks a high degree of vulnerability has already been reached.

CSU Deputy Werner Dollinger has voiced similar concern. And the European Commission in Brussels too is afraid that the European countries may slide from one dependence into another, running the risk in their effort of freeing themselves at least partially from the yoke of the OPEC countries of coming under the yoke of the gas suppliers.

While the Western builders of the new contract edifice are flinching at every blow, the Russians apparently are not bothered. Rather, they are curtailing the supplies already agreed on, thus bringing grist to the mill of those who are prone to view them as unreliable suppliers. From this, one may draw the conclusion that either the Soviet Union actually has difficulties in supplying the gas or that it is so sure of itself as to think that it need not pay any heed to what is happening to the negotiations.

Whichever version one may incline to believe, neither is agreeable. For either the Russians really cannot cope with the proverbial Siberian cold (which, at least potentially, endangers deliveries in the future as well), or it does not care whether it diverts the gas for its own needs (which would cast a sad light on its keeping to its agreements).

While Ruhrgas head Klaus Liesen asserts that his concern is talking to the Russians in "no uncertain terms" in this matter, this has changed nothing in the Russians' attitude, which by now has become traditional. Unperturbed, winter after winter, they cut off considerable amounts, thus confronting their Western contract partners with a number of problems. For in the winter the need is far greater than the yearly average, with 230 million cubic meters of gas being burned in the FRG per day compared with the average of 270 million.

And, as it is, the Russians are making it difficult enough for the Western side in the negotiations to like them, for they simultaneously demand three things which simply cannot be reconciled with one another:

--the highest possible price for their natural gas;

--the lowest market price for the pipe;

--an interest rate below that of the market rate in Europe.

If they were to prevail with their demands, the West European banking system would have to subsidize the Soviet Union with about DM 2 billion. This is the gap between the Russian ideas and market facts in West Europe if one assumes a 5-year term of credits in each case.

For the banks during the construction of the pipeline are to give the Soviets year after year enough credit to enable them to pay for their purchases in the West. In practice this means that the Russians will have the entire credit of DM 20 billion available for a full 5 years. Given a difference of 2 percentage points between market and real interest, this results in a "subsidy need of DM 2 billion."

It is quite obvious that the banks are unwilling and unable to come up with this amount, and it is just as obvious that a third party has to provide the banks with the difference. And, as things stand, that can only be those who supply the materials for the pipeline or those who get the gas. This in turn presupposes that the Soviets either pay more than the market price for the pipe and compressors or demand less than the market price for their gas. This is exactly what is still being negotiated, however--possibly still also among the Russians themselves, because presumably neither the gas seller nor the pipe buyer is ready to pay the bill and be left holding the short end of the stick.

Meanwhile, however, it looks as if it is easier to reach agreement between Russians and West Europeans than to gain political acceptance of this gas contract--the fourth by now--because, strictly from the economic point of view, the interests of both sides are solid ones. As for West Europe, and particularly the FRG (which wants to import at least 12 of the planned 40 billion cubic meters), it is a question of replacing OPEC oil and insuring jobs.

The annual gas supply envisaged for the FRG corresponds to an equivalent of 12 million tons of oil, or almost one-tenth of last year's oil imports. While gas too has to be paid for in foreign currency, it is less expensive at the border than a comparable quantity of oil in that distribution costs more than processing and transport of oil but the price of the end products of gas and fuel oil is about the same.

It is difficult to estimate how many jobs could be insured by the Russian deal over the medium term. If the deal materializes, Mannesmann AG, for years "privileged supplier of pipeline" to the Russians, is bound to be part of it. Its member of the board Guenter Maunbach stated the number of employees connected with the Russian deal to be 2,500 when he was asked last year about the possible effects of an embargo.

In fact Mannesmann chief Egon Overbeck, who is also a member of the board at Ruhrgas, is among the strongest promoters of the deal. He sees a big opportunity for using for the first time a kind of pipe, newly developed by Mannesmann, which can sustain a plus pressure of 100. The Siberian areas of permanent frost would be an ideal site for a world premiere for Mannesmann; they could hardly wish for a better place where to put the pipe to use.

No less is the interest of AEG [General Electric Company] chief Heinz Duerr in selling compressors to the Russians. He too is putting his stakes on the new Mannesmann pipe, for the more pressure the line can sustain the more compressors can be used. A juicy Soviet order, moreover, would save the AEG-Kanis compressor plant in Essen, which is threatened with closure.

All in all, the amount involved for the German export industry is about DM 10 billion, that being the sum to be financed by the bank consortium headed by Deutsche Bank. Since the banks will seek security in Bonn against political risks, this credit has to be matched by an equally high volume of exports.

The Soviets, however, have far more at stake. Assuming they get 20 pfennigs per cubic meter of gas fob the German border--actually a fairly modest assumption--they will take in DM 8 billion annually for 40 billion cubic meters. Even if they themselves invest another DM 10 billion's worth in the giant natural gas project--in othere words, spend DM 30 billion in all--the investment will finance itself in less than 4 years. Anything after that is net income in foreign currency--which, in light of the expected rises in the price of energy, has the additional advantage of increasing from year to year.

This is where Klaus Liesen sees the best guarantee for the Russians to come through with their deliveries. They do not need the gas for their own needs; presumably they would not even know what to do with the amounts they are already supplying to the West. Thus the planned deal would fulfill an important prerequisite in the view of Ruhrgas: the supplying country must enter into financial obligations; it must affect its own pocket if its contracts are not adhered to.

Another consolation for the Ruhrgas people is the fact that the FRG is not the final link in the chain of supply. If the Russians shut the tap for us, they are also doing so for the Belgians, French and Dutch. Thus natural gas cannot be a cold-war weapon directed only against the FRG.

Finally, however, Ruhrgas headquarters in Essen also thinks that the FRG could live with a complete stop of Russian gas supplies. Because even when the new quantities are fully fed into the German network, the Russian share in the gas supplies of the FRG will amount to less than one-third, and the Russian gas will make up only 5 percent of all energy supplies. This the gas people, however, consider replaceable in that the large consumers of gas to a large extent are in a position to switch to oil in a matter of minutes. The small consumer who heats and cooks with gas---if Ruhrgas chief Liesen is to be believed--need not worry about the security of his supply.

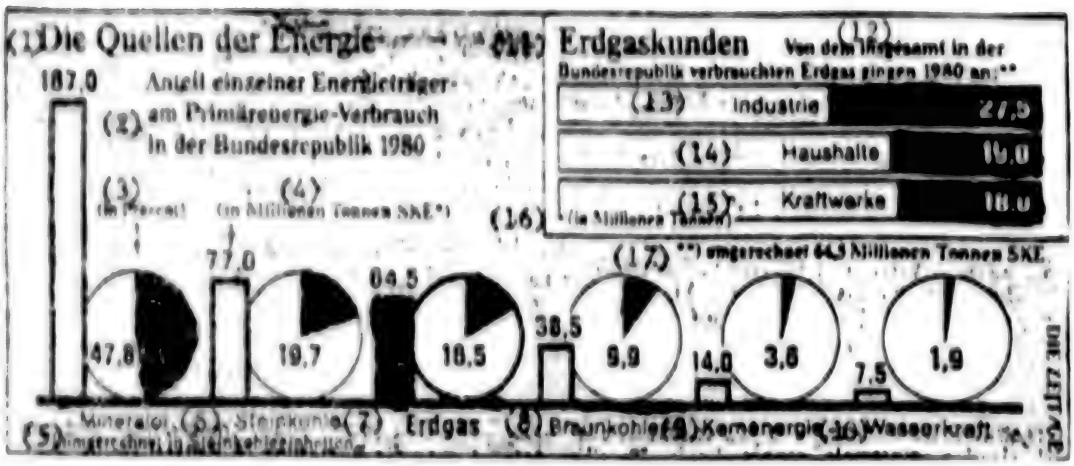
Furthermore the Russian share will go down automatically when Ruhrgas manages to come up with natural gas contracts in other countries. This might happen in Norway this year. If the parliament concurs this spring, the FRG will receive an additional 2 billion cubic meters from the Norwegian North Sea. And the deal is designed in such a way that the Norwegians later will supply more. At least, they plan to build a pipeline capable of transporting three times the amount to be supplied initially in accordance with agreements with the FRG and its western neighbors.

Before this year is over, in addition a contract with Nigeria might be completed which for the first time would supply liquefied natural gas to the FRD--what with the Algerian deal having gone awry. Negotiations are going on with other countries; so prospects are not bad. Even if some of what is hoped for does not materialize, the share of the Russian gas will amount to more than 30 percent of gas supplies for only a short time.

It is doubtful, however, whether this suffices to convince Congressmen from California or Texas of the innocuousness of, let alone the need for, the new gas deal. Possibly they will prefer to rely on the judgment of their compatriot Angela Jergien. On behalf of the U.S. Congress, the Washington professor has gathered information on German trade with the East, questioning in the process the firms involved in this deal as well as authorities in Bonn, with SPD Deputy Ulrich Steger making a special effort to gain an entree for the lady.

If, however, congress should hold off with its stand until the Jergien study is available, it will be too late with a possible veto. Ruhrgas chief Liesen is convinced that the contract will be signed this summer. The Jergien study is not expected to be available until fall.

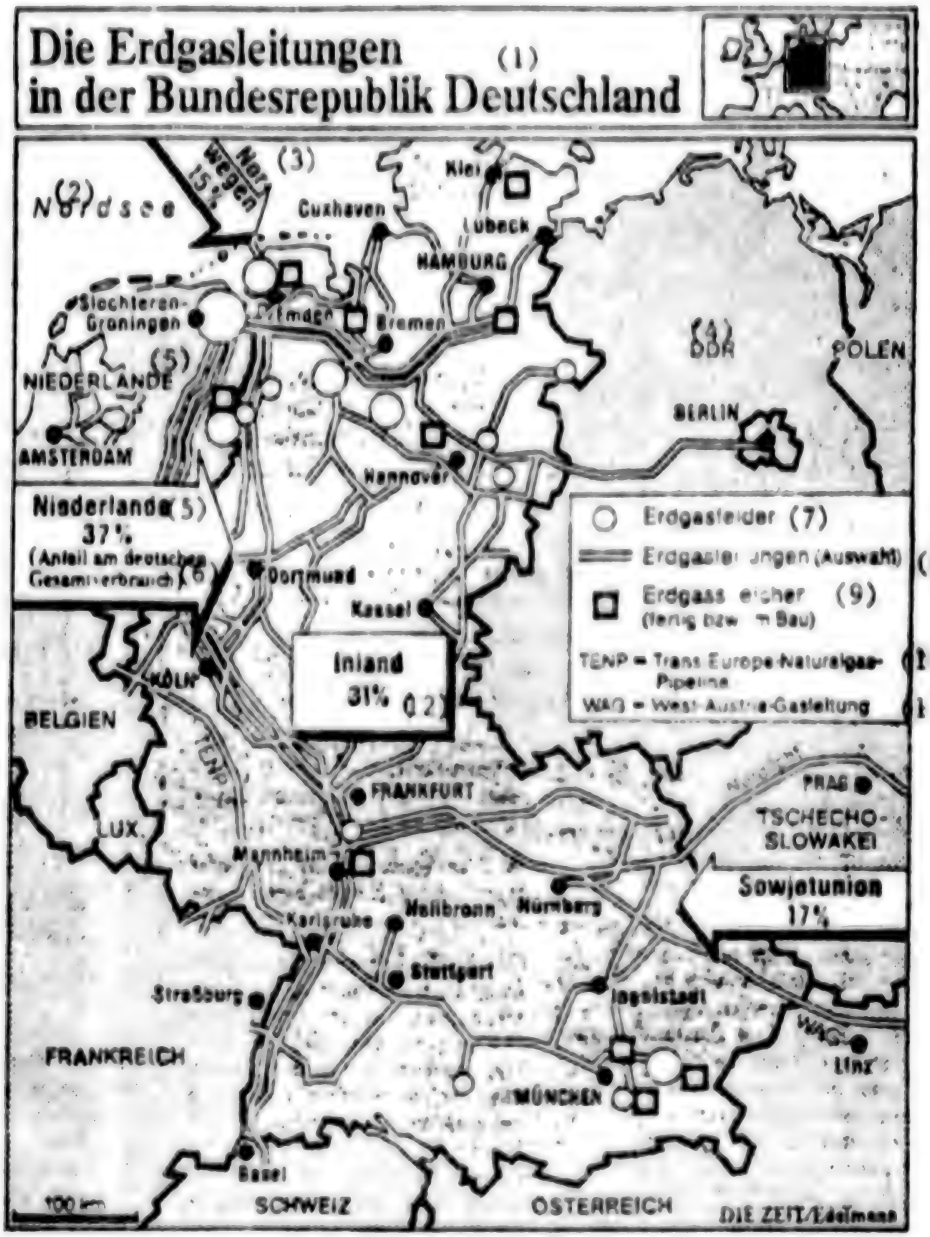
[Graph on following page]




Key:

1. Sources of Energy
2. Share of individual types of energy in basic energy consumption in the FRG in 1980
3. in percent
4. in million tons of hard coal units
5. petroleum
6. hard coal
7. natural gas
8. brown coal
9. nuclear energy
10. hydroelectric power
11. Natural Gas Customers
12. Of the total natural gas consumed in the FRG in 1980, the following percentages (converted into hard coal units) went to the sectors indicated:
13. Industry
14. Households
15. Power Plants
16. in million tons
17. Converted into 64.5 million tons of hard coal units

[Map on following page]




**Key:**

1. Natural Gas Pipelines in the FRG
2. North Sea
3. Norway
4. GDR
5. Netherlands
6. (share in total German consumption)
7. Natural gas fields
8. some natural gas pipelines
9. natural gas depots (completed or under construction)
10. TENP = Trans-Europe Natural Gas Pipeline
11. WAG = West Austria Gas Pipeline
12. domestic

8790
CSO: 3103

COAL SUBSIDIES SET IN 1981 BUDGET

Bonn DIE WELT in German 3/4 Jan 81 p 9

[Article by Heinz Heck, Bonn: "Ministry for Economics/The 1981 Budget Is Strongly Energy-Oriented; Hard Coal Receives Subsidies in the Amount of DM 6 Billion"]

> [Text] In 1981, the German hard-coal mining industry is allotted DM 2.97 billion, which is almost 50 percent of the 6.06 billion budget of the Bonn Ministry for Economics. It has thus succeeded in clearly increasing its share in comparison with 1980, both absolutely and relatively: Last year it received 2.64 billion of a 5.5-billion budget (debited).
>
> The Lambsdorff budget is again very much energy-oriented, with expenditures for energy totaling approximately DM 3.55 billion, or almost 60 percent. Measures to assure the German petroleum supply are set at DM 335 million. Of this, 200.5 million are applied to the stockpiling of crude oil and approximately 140 million to petroleum exploration (Deminex). The economics minister is willing to spend about DM 43 million for energy savings.

Within the "coal budget" the coking coal subsidy alone is set at around DM 1.4 billion. This means, in comparison with the previous year (1.1), an increase of approximately DM 300 million.

The other amounts in the coal budget are devoted to structural, marketing and shutting-down assistance, as well as coal stockpiling and social security payments to miners. Inasmuch as the federal government and the coal states in general are financing these measures in the proportion of 2 to 1, an additional 1.49 billion from the two states must be added to the federally budgeted amount of 2.97 billion to arrive at the total amount of DM 4,46 billion. This, however, does not take into account the proceeds from the so-called coal penny which every consumer pays as an additional charge on his electric bill, regardless of whether the electric current is produced from coal or from other energy sources. An additional DM 2 billion is expected from this for the benefit of coal this year.

For the coal refining program, highly touted by the FRG chancellor in his governmental declaration of 4 July 1979, only a modest DM 25 million in liquid funds appears in the 1981 budget of the Bonn Ministry for Economics. To this are added DM 795 million in bond authorizations for the coming 3 years. The federal government can

already commit itself in this amount (individually up to 195 million for 1982, up to 200 for 1983 and up to 400 for 1984). Until now, however, both items have been blocked.

On the subject of coal gasification, the federal government still wants to reach a decision this winter. A delay of approximately 2 months has occurred in comparison with the original schedule. Instead of the 12 preliminary projects promised originally, only 7 were submitted to the Bonn Ministry for Economics up to 5 December (instead of September), and they must still be checked--with the advice of experts also. An additional coal gasification project, that of Thyssengas, has been submitted to the Bonn Ministry for Research.

For coal liquefaction, whose payout threshhold as of now still lies in the distant future, three preliminary projects are expected at the middle of this year.

As to the cabinet decisions still outstanding, the question of public subsidies is the problem. Here it is apparently intended to choose the projects by means of an appropriate requirement contained in the subsidy tender. The firm which can fulfill the stated conditions can then count on Bonn subsidies. At this moment it is not possible to say from Bonn which investment sums are up for debate. Above all, it is not intended to run a "closed shop," and the way is open for further projects and complementary proposals.

The difficulties lie less in obtaining money than in site selection. Thus, Esso has now decided on a coal gasification pilot plant (an investment of billions) for Rotterdam rather than a German coastal site, because in Holland the approval procedures are less time-consuming and the possibility exists of integrating with the refinery.

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CSO: 3103

## AGREEMENT ON COAL IMPORTS, AMOUNTS FOR POWER PLANTS

Frankfurt/Main FRANKFURTER ZEITUNG/BLICK DURCH DIE WIRTSCHAFT in German 5 Dec 80 p 1

[Text] Frankfurt, 3 December.--The coal contract between the Association of the German Hard Coal Mining Industry and the Association of German Electric Power Plants (VDEW), as also the supplementary agreements with the Association of Industrial Power Industry (ViK) and the Bundesbahn in the spring of 1980, fixed the usage quantities of hard coal which should be converted to electricity in the FRG in the coming years. Furthermore, the coal import quantities are controlled by an amendment of the coal tariff quota law. One can summarize these different contracts and complicated arrangements with regard to the use of German hard coal for electricity and the allowable coal import quotas as follows:

--The commitment to buy German hard coal will climb from an average of 33 million tons of hard coal in 1980 to 47.5 million tons in 1995.

--With the exhaustion of all legal possibilities, the import quota on coal could increase on the basis of contracts for all sectors from the current 5.1 million tons of hard coal to substantially more than 50 million tons in 1995.

--It can be expected that the hard coal usage for electricity will increase from approximately 46 million tons of hard coal in 1985 (40 million tons domestic output and 6 million tons import) to 55 million in 1990 (45 million tons domestic and 10 million tons import). In 1995 a total of 62 million tons will be converted to electricity of which 47.5 million tons will be domestic and 14.5 million tons imported.

One can characterize the coal import arrangements as follows:

--In the period 1981 to 1985, 28.8 million tons of imported coal per year on average;

--For 1986 to 1990, 40.6 million tons of imported coal on average;

--In the period 1991 to 1995, 52.6 million tons of imported coal on average.

The imported coal is supposed to be used not only for electricity generation and the heating market but also for coal conversion. If one considers usage in the heating market beside electricity generation, then for 1995 approximately 25 million tons of import coal would be available for coal converstion.

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CSO: 3103

## PAPER QUESTIONS PROPOSED NATURAL GAS DEAL WITH USSR

Frankfurt/Main FRANKFURTER ALLGEMEINE in German 10 Jan 81 p 11

[Article by Wolfgang Muller-Haeslер: "Responsibility of the Gas People--More Gas From the Soviet Union?"]

[Text] For this year one had expected an inflow of Iranian gas, which has now become a victim of the Islamic revolution of 1978. As things stand now, there is hardly hope for an improvement of the situation in Teheran, so that there is scarcely any prospect of a revival of the old gas contract in which Iran had already invested more than $1 billion and which has never been officially canceled. It is understandable that the European gas importers, who had hoped for an easing of their energy supply situation as a result of the Iranian deal, are now looking for a substitute supplier.

Offering itself as a primary prospect is the Soviet Union which, for one thing, already is one of Western Europe's gas suppliers and, for another, was also involved in the planned Iranian transaction. It could fill the gap relatively quickly, i.e., as early as 1984/85. However, the deal that calls for supplying the FRG, France, Belgium, Holland and Austria with 40 billion cubic meters of Russian natural gas is as of now not yet definitely secured.

There is an entire series of considerations which do not make it easy to sign the agreement. One might accept the Soviet Union's demand for the high price, which exceeds the international price level, as being a card it holds in the poker game for the conditions of this contract, but more important are the questions concerning the financing of the entire transaction and the degree of dependence in which the German energy economy would find itself in case of a significant stockpiling of natural gas imports from a country which not only has a different economic and social system, but which from time to time also displays unconcealed aggressiveness vis-a-vis the West.

To be sure, it is not up to the involved enterprise to conduct economic policy; that is the task of the politicians in Bonn. But there is in this context yet another question, namely that of whether the entrepreneurs can afford to lose sight completely of the political aspects, even if the politicians brush aside the pros and cons of such a contract as lightly as was done by the chairman of the Economic Policy Committee of the SPD group in the Bundestag, who naively offers the agrument that the Soviet Union is willing to supply more gas--which means putting its hand once more on the German and West European gas tap--and that this constitutes insurance that it

has no intention of turning the gas tap off. By the same token it would be possible to argue that if one gives a billy-goat the job of gardener, this constitutes a guarantee that he will refrain from eating anything in the garden.

Conversely, a positive argument for the new deal with the Russians is the fact that the Iranian gas--which now is unavailable--would have reached West Europe only indirectly by way of the Soviet Union. For, in line with the Iranian contract, Persian gas was to flow into the Soviet industrial area on the Donets River while the Soviet Union was to deliver an equivalent volume of gas from western Siberia to Western Europe. At any rate, Iran would thus also have been involved in providing an assured supply to Western Europe, being in a position to turn off the gas tap for the Soviet Union, particularly if the West Europeans were to discontinue their payments to Iran in cases of nonreceipt of Russian gas.

Nor should one forget that at the last Hannover trade fair a Soviet minister bluntly threatened a gas delivery stoppage if the FRG did not display "good conduct." In this context it remained an open question just what Moscow's definition of good conduct is. There has been no repetition of this type of incident, but it shows that playing this kind of game with the gas tap is not entirely outside the sphere of Soviet concepts.

Negotiations conductor Ruhrgas A.G. estimates that the FRG would be up to 30-percent dependent on Soviet natural gas deliveries if the new gas pipe financing agreement with Moscow were to be realized. It is no doubt correct that the "red" gas thus accounts for only about 6 percent of the entire energy volume made available to us. But we can derive no comfort from the fact that the Soviet Union has up to now never used energy deliveries as a weapon. For a loss of the Soviet gas would be bound to upset the entire German energy policy. The deficit could for a foreseeable period of time be offset only by higher oil receipts. We would thereby have failed to achieve the most important objective, i.e. a noticeable lessening of our dependence on oil.

The gas importers never tire in emphasizing over and over again that we must not exchange one type of dependence for another and that diversification of supply sources is the watchword. But the FRG will probably not be brought closer to this objective by an accumulation of contacts with a partner who is not exactly realiable politically. Furthermore, experts doubt that the estimate of a total consumption of 90 billion cubic meters of natural gas in the year 1990, on which the calculation of the Russian share is based, is realistic. According to the most recent consumption trend, it is rather to be expected that it will be 70 billion cubic meters. If, because of the rigid conditions caused by the elements of pipe deliveries and financing, the Russian quota remains unchanged, the Soviet Union would at the end of this decade even have a 40-plus percent share in the natural gas supply of the FRG, which figure must fill us with even greater worry.

A further handicap with repsect to the new deal with the Russians is the financing of it. One may overlook the fact that the FRG is to receive only 30 percent of the contractual volume of 40 billion cubic meters per year, whereas it is expected to provide more than one-half of the DM 20 billion needed for opening up the gas fields and for pipeline construction. Quite apart from the fact that the entire East bloc, including the Soviet Union, already has heavy debts in the West, the FRG, as the gas customer, would fall into a double dependency: namely in the spheres of energy supply and the guarantee of advance payments.

Up to now, the gas importers have always attached great importance to the supplier countries' use of some of their own money in gas transactions across borders. In the case of Algeria, a deal worthy of mention even fell through because of Algeria, the supplier country, in spite of its earlier consent to do so no longer wanted at its own risk and with its own money to build a planned liquefaction plant on the coast, a plant which was absolutely necessary for the overall project and which would have cost approximately DM 2 billion. Up to now the gas importers have observed the no-gas-at-any-price principle, and this motto should remain valid also vis-a-vis the Soviet Union. There are other possibilities in other regions of the world, such as in the North Sea, in Nigeria and in Canada. They are perhaps not as enticingly convenient as those of the already tried gas deal with the Russians, but they do come closer to the objective of spreading the energy sources as broadly as possible than does the stocking up with deliveries from the Soviet Union. Even the OPEC states should not be lost sight of as suppliers.

To be sure, there are uncertainty factors also in this respect. However, in these countries politics does not in all cases determine economic decisions to the same extent as in the Soviet Union, where up to now in cases of doubt political considerations have always been accorded priority over economic considerations.

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CSO: 3103

## BRIEFS

**POLISH COAL EXPORT STOP** -- It appears Finland will be left totally without Polish coal this winter. The last deliveries were in mid-November, and the following ones are not expected until spring at the earliest. According to power plant sources, it will be uncertain even then how much coal Poland will be able to sell. The chairman of Poland's coal export organization will be in Finland in late January to explain interruptions in deliveries. The difficulties in procuring coal have already eaten up a notable part of Finland's coal repositories. According to Pentti Alajoki, the managing director of Imatran Voima, their firm for example should have repositories of about 2 million tons. At the moment, they only have 500,000 tons of coal, that is, a fourth part of the goal. Alajoki says this amount corresponds to about 2 months' normal usage. Alajoki characterizes the coal situation as quite serious but adds that it can be cleared up with money. The gap in Polish import has been partly filled by bringing in coal from the United States. Because of the long distance, American coal is about 15 percent more expensive than the most recent deliveries from Poland. Finland also imports coal from the USSR; this amounts to about a 10th of the total demand. The share of coal in the production of electricity will be less this year than last because the amount of electricity produced by nuclear power is growing by 40 percent as compared to last winter according to the cooperative delegation of electricity producers. [Text] [Helsinki HELSINGIN SANOMAT in Finnish 7 Jan 81 p 3] 9571

CSO: 3107

KREISKY'S WAY OF GOVERNING, POPULARITY ANALYZED

Vienna PROFIL in German 22 Dec 80 pp 16-20

[Article by Reinhard Tramontana: "The Old Man"]

[Text] Well disposed toward the belief that he "knows the world a little better than many another" and not averse to taking the word for the deed, the Austrian chancellor, who at one time was resolved to engage in "democratization," is getting ready to comfortably monarchize the country.

When he recently sent an industrialist a wire congratulating him on his birthday, he remarked to one of his secretaries: "The man is 70 now; not all that old, is it?"

Such superficial remarks have been coming to Kreisky more easily these days, for he will be 70 on 22 January--another reason why he is also rather fond of weaving memories of Konrad Adenauer into his conversation or, according to a story from his latest tennis lesson, gently ruffles "the gerontocrats in the Kremlin."

Though it can happen that he catches himself voicing the thought that "at my age one doesn't have any time any more," more often than not he will make fun of the age of others. This has been true particularly since his cabinet threw someone younger than him on the junkpile. His victory over Hannes Androsch, who had been so ill advised as not to tell his political foster father about his father-in-law's interest worries, appears to have revitalized the Austrian chancellor once again.

From morning to night--in other words, from 1000 to 2200 hours--he fails to dispel the impression of anyone who catches sight of him that he now definitely wants to concern himself with everything.

He announces that he plans to draft an economic program for the eighties and then the day after indicates that he intends personally to answer all pending economic questions in the future, only to consider the day after that whether he should not now, for a start, take charge of the Finance Ministry on an interim basis.

As his party friends react with feelings ranging from delight to horror, he gets a sudden urge to go to the battlefront of the headlines, with whose help he got ahead and with whose help he now wants to mark the culmination of his power: Pope Mao Joseph II--a trinity in one and the same person of infallible father, great chairman and Enlightenment reformer.

Having observed, quite acutely, that the bulk of the population trusts him above all, he is not afraid to take the jump from "all for one" to "one for all." "It is my ministers' job," it goes without saying, "to make policy"--but when there is a fire, it is he himself who turns up, with his say.

Perpetuum censibile [ever electable] that ' · is, he has obtained his energy where others leave it--in the election campaign.

At the time, his party, not all that secretly, had declared him to be increasingly sick, obstinate and irascible, initially therefore letting him go it alone and preferring to gather around his dashing deputy, who, eager to become chancellor, was already working and reworking his list of ministers. But then unexpectedly Kreisky regained the kind of form that virtuosos supposedly attain as soon as they perceive a vague seething among the public.

True, contrary to an (un)fairly widespread superstitution, the chancellor is neither a comedian nor a showman--"descriptions which are a personal insult"--and basically not even a professional vote catcher ("I do not consider myself so much a politician as someone who is active on the political scene"), but he surely is a primus ultra pariahs [rather than primus inter pares: a leader beyond the bounds of pariahs].

After that he became the moral anchor of a party ship steered by many a sinking rat. And thereupon the idolizing got out out of hand in the popular adoration to a point where it gradually became apparent even to Kery and Plethi [play on words, Krethi and Plethi being the equivalent of Tom, Dick and Harry in German] that Kreisky had appeared not only as a deus ex machloikes [a man who could save any situation, machloikes being Yiddish for trouble] but also as the ever-unifying spirit [a variant of the ever-negating spirit, the devil, in Goethe's "Faust," the word for "negating" and the word for "unifying" differing by only one letter in German]. Only he was able to get the ailing SPO [Austrian Socialist Party] together again with the voting masses.

Precisely this personal success of having cut the tip, Androsch, off the iceberg of the [conflict of interest] profit association, moves Kreisky's public reputation into an aura of royal sovereignty below which only doubtful figures will do their bargaining everywhere and to which only mediocre persons will fight to succeed.

Since it is in the nature of Caesarism to resign [illegible]ime or other with a dramatic gesture without choosing a suitable successor (a Caesar simply has no suitable successor), it can happen that for the Socialists the virtue of having had no personnel problem for years on end will become a state of necessity. What is to be done if the old man, notwithstanding his constant assurances of not intending to run once more, actually will not run once more?

The propaganda of his party has turned him from an unusually gifted political animal into a supersensible icon, which consequently was bound to be esteemed beyond measure and therefore overestimated. Like any successful leader, Kreisky has been and is being invested secretly with whatever qualities there is room for. This is the dilemma of his career, which deserved better than presumably having to be dismantled as a legend one day.

Yet election progaganda has ever more clearly made him unique and removed him from mortality -- from the "1,400 experts" to "Kreisky and his team" to the "Who else?" giant. That is the dilemma of his party.

Masochistic pleasure was the reaction to the fact that his bourgeois demeanor inspired the middle-class press joyously to perceive a "Sun King" and the fact that his most likely successors were named "crown princes." When one of these became mayor of Vienna and soon thereafter a synonym for "devoid of interest," the hopes of all Socialists concentrated on the other to such an extent that he could not fail to notice it.

And promptly, though lacking the old man's grandeur, Androsch copied his arrogance. Kreisky had barely promoted him to vice chancellor--snubbing both Hertha Firnberg and Christian Broda--when Androsch said impudently that he would really like to become president of the National Bank. For Kreisky this unreasonable suggestion was an elemental shock. The young man, whom he had become almost fond of, whom more than anyone else he had considered capable of becoming his heir, whom at first he had shielded against the unions and had always protected against the party base and the Young Socialists, to whom he meant to bequeathe the highest imaginable asset, political power--this man was now ready to betray Kreisky's ideals for the sake of miserable mammon.

This human disappointement was something Kreisky never got over. It deepened into antipathy when he had to hear and read that on the occasion of a skiing vacation at Lech, Androsch at a later hour had bitterly complained to friends and journalists about how the master was becoming difficult. And it expanded into contempt when it became increasingly obvious how casually Androsch was turning into a "sorry, no" Socialist. "It hurts me very deeply," says Kreisky, when there are people at my level to whom the socialist idea does not mean anything." He was "not prepared" to "put up with this stoically," he declared shortly before Androsch's departure, for "one has not gone to prison for the party's sake in order to get such a reputation."

True, the vice chancellor soon noticed how greatly his mentor had been shaken by his desire to switch posts (and therefore now kept rattling about being unable to imagine "anything but politics"), but "the man uncannily determined to go it alone" (as Androsch had described Kreisky in 1976) remained undaunted, saying that this year's disaster was the fault not only of those who had "done some mischief" but of "those who had selected the people."

A conclusion which applies not least, and by no means for the first time, to the man who formulated it, for a worse knowledge of people than Kreisky's ironclad one has yet to be invented.

No chancellor before him made wrong personnel decisions so frequently, so persistently and so momentously. Fully aware of having put failures on the government bench and into state management, he ingenuously let himself be talked into further ones.

Where even his closest advisers in the Office of the Federal Chancellor fear the worst in the light of many a visitor, they are staggered by his exclusive evaluations.

Consistently he comes through time and again. "People who potentially would be ready to get to know him without afterthoughts, he can be very good at frightening away," says an expert tested in adversity: "and people who approach him to use his potential for themselves are sometimes considered decent by him until the last moment."

Of course Kreisky himself is bound to have found out that what he thinks is golden does not all glitter. For his loneliness is becoming ever greater, and there is an increasing inclination on his part to make himself out as a grade crossing watchman. There are only a few friends whom he really still allows to come close--such as CA [Creditanstalt--major Austrian bank] eminence Dr Kurt Grimm or the actor Hans Jaray or the former head of the industrialists Association Hans Igler. Although he never had many friends, he has still managed to lose some of them in the past few years. As one conficant puts it, "he had no trouble at all managing to offend enough persons in his long career to gradually find himself alone."

Certainly because of his experience with Androsch, Kreisky no longer seeks particularly close ties within his party. He is on good terms with Fred Sinowatz and Karl Blecha, he respects Herbert Salcher, he does [not] fail to have words of praise for Heinz Fischer and Leopold Wagner, but he has learned that "at the leadership level there is a circle of persons who have only entered into a marriage of convenience with me."

Unlike other powerful people, the seemingly so widely loved man has never had a clan--or ever been able to surround himself with one, for he was too prone to express his ultimate confidence only in himself, and this made it impossible for him to delegate adequately. To too great an extent did he make it implicitly apparent that he abhorred nothing more than "people of pretentious stupidity." And to too great a degree did he probably also react to a refusal of unrestricted humility with a stubborn "What would you do if you didn't have me?"

As early as 4 years ago Georg Nowotny wrote in DIE KRONE: "The most frightening feature of the aging Bruno Kreisky is how little he is prepared to rely on others, how--arrogant and suspicious at the same time--he prefers to do everything all by himself because, in the final analysis, he hardly trusts anyone completely."

In the meantime this train has traveled still further, enriched by the Androsch station and speeded up by Kreisky's valedictory signal for Ingrid Leodolter ("She is a darling but..."), it is being pulled by the locomotive of the suspicion that someone might still want to cheat Kreisky of his integrity, and now is driving on without halt, not giving anyone time to jump on.

In line with Goethe's tip "The strong one is most powerful alone," Kreisky is hardly still willing in party politics to waste his time with concessions that at most might improve the atmosphere. Where previously, on the presidium or the executive, there was room for free speech, the situation today is dominated by the tacit motto: Make room, free speech for the chairman! For Kreisky no longer discusses; he informs. Parallel to his growing unwillingness to let himself be persuaded, there is a growing weakness to deny that very thing: never, says Kreisky, flirting with his image, has he been so receptive as now.

But whereas visible monomania refutes him almost daily, he shames generalizing critics with handpicked exceptions. True, he does not long conceal the fact that he was "very much interested in science" and therefore has a "perspective of the atomic question different" from "that of my friends," that he is "proud" of having "met three of the five people who understand the theory of relativity" and therefore did not want to "fight with illiterates who want to tell me something about atomic power." But he does actually take the time to maintain his "good but contentious relations" with Young Socialists.

In that circle he fights as if he still were the sovereignly extemporizing leader of the opposition of the late 1960's or at least the untroubled pere terrible [pere--father--rahter than enfant terrible] of the first Socialist government, whose election slogan "L'eclat c'est moi" [I am the splendor--paraphrasing Louis XIV's "L'etat c'est moi (I am the state)] had raised domestic politics to the level of a fine art, and not an old chancellor bowed down by the constraints of business who, instead of progressive political science, now can only offer a conservative administrative routine.

It is not by accident that he feels confortable in this circle. For one thing, he can depend on it to take a closer look at what is to come than at what has taken place; for another, he is profitably sharpening his dialectics on the final touchstone he acknowledges himself: "I cannot work with the customary cliches, because the young will see through that immediately.

And this probably represents quite a considerable headstart over other parts of the population.

For no statesman before Bruno Kreisky has been so poverbially known for the fact he does not hold any opinion unflinchingly unless it contradicts his previous one--and became so popular nevertheless.

A Gallup poll of November (PROFIL No 51/1980) showed that he had even gained in voter support. An IMAS poll a few months ago documented the fact that whereas the Austrian population is not averse on balance to being governed by scoundrels, it expressly excluded Bruno Kreisky from this assumption.

It has seen itself confirmed in this judgment by the Austrian papers [in German the words for "papers" and "leaves" are synonymous] which, touched, have been falling into Kreisky's lap for months. Congenitally an easy prey to his aura of the sweeping big word, the media were unable to escape his power of suggestion even when they had been given a beating. Whether he reviled radio correspondent Helmut Pfitzner in extenso ("You are crapping on me from head to toe and from behind") or whether he accused unaffiliated papers which had taken Blecha's side against attacks by "Staberl" of DIE KRONE of rightwing bias, he was forgiven.

And never more emphatically so than from the moment when he shared the editorial writers' opinion regarding the General Hospital scandal. For the wonderful thing about this circumstance for those who have been weaving laurel wreaths for him all along was not the fact that he was against corruption but that he had endorsed their opinion.

The public one he consequently won by storm. Forgotten was the fact that (his own skeptical view notwithstanding, of which there is evidence) he had wanted to put Zwentendorf into operation. Forgiven was the fact that with unprecedentedly tactical cynicism he had whitewashed Friedrich Peter before parliament. Vanished was the fact that of all people he, as the Austrian chancellor, had internationally advocated that the PLO be recognized.

What remained was that there is someone heading the government who calls a mess a mess.

And someone who wants "better conditions for the working man" by making believe that they are to be aimed for. To this day he is proud of the fact that the Vienna Socialist Party wanted to reject a poster of his which by word and picture was to force together the alleged contrasts of worker on the one side and single-family house on the other. A person who has "no feeling for pride," he is at least "imbued with deep satisfaction" over having sought to change the worker's image from the beginning of his party rule because he does not care for "politics letting itself be downgraded," and thus having been the first to make it known unafraid that a labor leader can have clean hands, wear a white shirt, in a given case wear his decorations on his tail coat and certainly handle the German language with ease.

The chances are that he will derive further satisfaction from the fact that no social democrat before him managed to rid the party of the suspicion that it would introduce harsh mores as soon as it could. Kreisky, by contrast, fashioned his "modern Austria" by boldly importing customs fortunately long tested elsewhere as "measures for the liberalization of Austria," by raising step by step the price and wage level, only to call it with a wink, the "European level" after the very first step, to preach future reforms and imbibe wholesome continuity and, for the rest, to sweep key items of the reform document of his "1,400 experts" under the flying carpet of his proverbial saying that "one has to be able to estimate how many reforms a society can tolerate.

What apparently it would not have tolerated but, according to the three-volume opus "Reform der oesterreichischen Wirtschaft" [Reform of the Austrian Economy], ought to have tolerated for 12 years is the following, among other things: "Permanent budget deficits (ought to) be avoided," a ministry of economics and an investment bank should be established, and there should be a "reform of the construction industry" to enable completion of the major highway grid "by 1977" as well as "coordination of the power industry."

These wishes, however, materialized just as little as the "1,400 experts" themselves, of whom at best one dozen could be made out (and whose foremost member, Eugen Veselsky, first became under secretary and then Kreisky's sacrificial lamb).

The desire to take the word for the deed, and neither quite seriously, characterizes the political style of his first years as chancellor as well as the mood "to rule this country and not to administer it." Since administ[illegible] means the legal guarding of spiritual or material values, it was only logical that a contrarily conceived rule had to mean a comparatively lax behavior.

Consequently it was broadcast that "6 months of Bundesheer [Federal Army] are enough," and then they smoothly were turned into 8. Consequently it was stated, quite unequivocally, that radio and television would not be touched, but then they were touched, and two independent channels of information were created, only to be bundled together quickly [illegible] because radio and television, you understand, is "primarily a medium of entert[illegible]ent." And consequently there was talk about "dismantling politicians' privileges," of which even those who participated in the many committee meetings do not remember anything more vivid than a chancellor looking for his pay slip, quite often using this alibi to demonstrate that actually he did not have a penny left (which, however, did not prevent him from having the traditional chancellor's bonus cut out without substitution).

Yet the fact that such projects did not get beyond the stage of ideas of reform did not irritate the population, for the majority of it was glad as can be about it. What would have irritated it, as Kreisky was soon to realize, is to have a Socialist government serve it Socialist policies to boot.

By helping himself to the very Austrian mentality of avoiding through vacillation and hesitation the kind of ruin that had already been the lot of more agressive nations, by making "No sloppiness!" his trademark, he instilled confidence. The worth of his politics is measured by the crucial part of the electorate not only by what Kreisky has accomplished but at least as much by what he has stopped or prevented.

With acute understanding of the Austrian mood, he says today: "The term conservative is no longer a provocative slogan. I don't like to use it much any longer either, because when they hear it people think about preserving the good days."

And Kreisky who, though he professes it to be his forte "to say what I think," always knows more than he says, knows that his countrymen also consider doing nothing to be a definitely respectable achievement: as long as nothing happens, nothing can happen.

Other heads of government have staffs of advisers in order to act in a public-effective manner. In Kreisky's case, it is ingrained. If he is without peer, it is in the effect he creates. He speaks slowly because someone who speaks slowly has thought everything over carefully. He is pleasant to aristocrats because nobility demands respect for private wealth. He piously lends an ear to the church because if someone confesses to the cardinal he cannot be a leftist devil. On occasion he interjects the modest remark that he mingled with the labor youth already as a boy, and someone who feels for labor will tell the big shots where to get off. He pulls no punches when it comes to Austrofascists of the First Republic but has enough sense of responsibility to resist measuring all Nazis with the same yardstick. He may snarl at "the conservative elements in our state," but it has been recorded that in the transmission "Honorable Members of the House!" he asked conservative deputies in a pleasant bass voice, "Gentlemen, why are you shouting so?" Of course he "dislikes appearing on television" and shuns interviews--"unless I have an information mission to fulfill; then of course there is nothing I can do." He can hardly see how he could find the time to write his memoirs, but if you think about it "it is not permissible for someone who has lived through so much contemporary history not to make his contribution." And of course he names no names as far as the office of party chairman in concerned, because he would not want to "prejudice the decision of my party friends" under any circumstances, but "I think there is no one who does not regard Fred Sinowatz as a man of integrity."

All that, it is true, the man can do [paraphrase of a refrain in Johann Strauss' "Der Zigeunerbaron"], for like all great spirits he flirts exclusively with what his better self whispers to him. Miserable cynics may have doubts in what he says, but Kreisky believes Kreisky literally.

He is therefore also not the actor, the magician he is taken for peripherally. Rather, with farmers, he thinks like a farmer, with young people like a young man, and with Mock [OeVP leader] he thinks of the superiority of the intellect.

What of it if now he no longer wants to sell his foreign policy only as "farseeing" but as "extremely lucrative" and yet the economic journal TREND has found out that

in his export deals he needs about 20 attempts to come up with a single bull's-eye and that a "billion-schilling project" in the end shrinks to a tiny million?

What of it if he did plan to "lend strong assistance to domestic industry but to everyone's surprise apparently had also included the U.S. multinational General Motors Corporation in this?

What of it, finally, if he attempts oratorically to cushion the Socialist General Hospital crash by fondly holding forth on the People's Party's Rabelbauer blunder and then portrays this is as "my desire to describe things in context"?

Likably, Kreisky, the propaganda notwithstanding, is capable of error, and, many a published view notwithstanding, he is a person who when he trips and falls deceives no one more than himself.

Of course, like any decent person, he has to lie every now and then, but on the whole his enthusiasm for what he says does not permit his head to be at one with what he has said.

Like no other statesman, he trusts the power of the word. Metternich maintained that politics was the art of keeping silent. Little did he dream that there would be a Bruno Kreisky one day.

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## NEW SECRETARIES OF FINANCE, HEALTH PORTRAYED

### Minister of Health Steyrer

Vienna DIE PRESSE in German 15 Jan 81 p 3

[Article by Gerhard Jelinek: "Kurt Steyrer: A Romantic Looking for Consensus"]

[Text] Vienna--Those patients who last Wednesday afternoon came to the office of Viennese dermatologist and Nationalrat delegate Kurt Steyrer received personal attention from the hands of a minister. This was the case because while SPOe chief Bruno Kreisky was presenting the decisions of the socialist party panels concerning the long awaited government realignment in parliament, this physician was busy with rashes and other skin ailments. Even though the head of the government had asked him to declare his availability some months ago, he had not told him anything about his actual intentions.

The 60-year old doctor has already closed down his medical practice even without having had official owrd of his future career. The office in the Landstrasse district looks so neat and orderly that it gives the impression of being ready for a successor to take over. However, this impression is somewhat deceptive, because it so happens that the cleaning woman has just finished her tasks. Also, Steyrer does not plan to turn his practice over to a replacement; he merely wants to deactivate it until his son can step into his old man's shoes. The minister-to-be has not yet made final arrangements for disposing of his practice. Inasmuch as the national medical service contracts will not expire until March, treatment will continue until that time at the municipal office. Thereafter, Steyrer wants to apply for a suspension of the contracts and, as a ministry head, continue to be listed on the physician's roster.

On the threshold of his new tasks the doctor has mixed feelings: "I am honored to be made a minister; but this new occupation fills me with fear." To learn a new trade at age 60 seems to him a big challenge. But he is not scared of the volume of work. "For me, work has always been a source of good health."

Kreisky-fan Steyrer starts his political profession of loyalty with the statement that he is something like a "romantic socialist." Based on a "humanist point of view, parallel to religious convictions which I am not sharing, however," his sense of justice is especially pronounced. "In addition, my family and the year 1934 have left their special marks on me. At that time, my whole family was in jail."

Despite his unequivocal avowal of a social democratic attitude ("I am especially partial to the designation of Social Democrat"). Steyrer promises that health policies would bear no ideological coloring. "All I want to do is produce good health policy."

In saying this, the doctor consciously avoids calling it "better" policy. His predecessors, he says, had done an excellent job. What about Minister Leodolter? "She was unjustly drawn into too many things and was counted out prematurely."

Inasmuch as Steyrer feels that lately all major political fights somehow arose from the health sector, he plans to give maximum priority to "consensus politics." It would make no sense, he feels, to look for confrontations in this particular area, since the provinces and communities must cooperate particularly closely in the area of health provision. As a spokesman for his profession of many years' standing, he emphasizes his excellent relationships with the physicians and with the opposition. "From the attitude demonstrated by Volkspartei health spokesman Wiesinger in the executive committee, it is apparent that consensus is possible and desirable." And Steyrer is already appealing to his colleagues: "It is a necessary prerequisite for the job that the body of physicians give its support to a medical man in the Ministry of Health."

The not-yet-minister does not wish to call for greater jurisdiction at this stage. It would make no sense, he says, to start a jurisdictional struggle, which would not produce any significant results anyway. "It is the minister's duty to do a lot of talking and, especially in environmental matters, to make his views known in an energetic manner. No one can deprive me of the right to stick my nose into everything." In addition, Steyrer places his hopes in a powerful ally within the government. "I have an enormous advantage: the finance minister's name is Salcher."

## State Secretary Hans Seidel

Vienna DIE PRESSE in German 15 Jan 81 p 3

[Article by Erich Hoorn: "Hans Seidel, a Thrifty Liberal, Blood Group O"]

[Text] Vienna-Austria's top "economic prophet" is finally about to move into the finance ministry in the Himmelpfortgasse as state secretary. Until the last minute he refused to make any comment on this, saying at first that all he knew about his good fortune was what he read in the newspapers and later, when his appointment had evidently been confirmed, that his appointment had not been finally decided upon.

Professor of Economics Hans Seidel, director of the Institute for Economic Research at the Arsenal since 1973, is considered a liberal, with a somewhat conservative tinge, but politically a certified member of "blood group O." The 58-year-old has always preached thrift in the public sector and anyone who knows him personally knows that he himself is no spendthrift. He affects simplicity in his clothes, frequently wearing a turtleneck sweater rather than ties, which he hates; as a hobby he drives a BMW (a small model, of course); rather than living in a fancy villa, he has an apartment in Vienna. Time will tell how he will operate within the Kreisky government, which up to now has always lived on credit. In any case, thanks to his great expertise, in his field, he will provide excellent support for the rather inexperienced finance minister, Salcher.

To his new activity, the brilliant analyst brings his capability of quickly becoming familiar with hitherto unfamiliar subjects and of arriving at correct conclusions. "He is practically a genius," says one of his coworkers. He is thoroughly democratic and makes no class distinctions; he always gave equal treatment to every employee of the institute.

Being completely fluent in English and French, the professor (he has held that professional title since 1965) is well known to the public through his institute's economic forecasts which he issues three times a year. However, he once demonstrated the ignorance prevailing in Austria in matters of economics at a press conference with an anecdote. Said his apartment neighbor to him: "You are probably a very clever man, but I can hardly understand those things you talk about on television."

There are only two potential candidates to succeed him at his job in the Economics Research Institute: Dr Helmuth Kramer, up to now his deputy, and Prof Gunther Tichy of Graz University.

The honorary professor at Vienna University has been married since 1949. His only daughter, Elisabeth, 30, is an architect and mother of two. His wife Edith has already in the past assumed a part of his official representational duties. At a recent symposium of deindustrialization, organized by the Economics Research Institute Seidel stated that while at home his wife had the first and last word, this was his prerogative during public events.

The Vienna-born Seidel started his studies at the World Trade College in 1940, which were however interrupted by service in the German armed forces. He served on the Eastern front, was wounded in 1943 and sent to Czechoslovakia. He could not finish his studies until after the war.

Seidel participated in the Economics Research Institute's entire reconstruction phase, having started to work there in 1946. During the war the institute had been merely an annex to the German Institute for Economics Research, specializing in Southeastern Europe. The newly crowned state secretary's first job was scientific adviser; later he became scientific editor and coordinator. After a training period at the International Monetary Fund in Washington he was appointed deputy of the then director of the institute, Prof Franz Nemschak, in 1962. He is a member of various scientific councils and consultant to national and international governmental events.

Seidel is an enthusiastic photographer; in this hobby too he is a great perfectionist. Skiing is another of his leisure time activities. He usually spends his winter vacations in Austria. He plays tennis at a club in Moedling. He is also interested in art; the Gothic and Romanesque periods hold particular fascination for him.

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PARTIES' YOUTH ORGANIZATIONS FORM INTERNAL OPPOSITION

Vienna PROFIL in German 22 Dec 80 pp 26-27

[Article by Josef Votzi: "Rebels' Corner and Career-Climbing Organization—In the Minority in Their Mother Parties, Party Youth Organizations Enjoy a Rebel's Image, But They Are Not a Bad Place for Getting Ahead"]

[Text] For a while Fred Sinowatz, high-power delegate of the mother party, thought he had come to the wrong wedding. "Proletarians of all countries, unite" was what is said on fire-red posters on all the walls. "We want class struggle rather than partnership" was what could be heard from the rostrum. The government was advancing its own principle with far too little sense of purpose in everyday political life: that was the common denominator of the roughly 70 proposals and resolutions.

The representative of the SPOe [Austrian Socialist Party] establishment put up a tolerable defense against the fundamental criticism of the young comrades, saying in a conciliatory tone: "I believe you that you mean what you say and that you sometimes have a hard time with us, but I beg you also to believe us." —

The photomontage shows a struggle between people wearing glasses which is getting down to earth at the very same quiet little place where the emperor already had to go by foot. The title in bold letters is unequivocal: "How is the OeVP [Austrian People's Party] to get out of the mess?"

The title page of the Young OeVP paper AUSBLICK (a day after the lost election under Chairman Taus in 1979) is discussed at a party meeting. The comment by OeVP leader Sixtus Lanner: "This is a makeup which is improper and lacks respect." —

To be a little "improper and lack respect" appears to be a common feature of all party youth organizations.

This brat's image is, however, rejected in serious language by Austria's political youth, which is associated in four big organizations. (They are the Socialist Youth (SJ), the Young Generation in the SPOe (JG), the Young OeVP (JVP) and the Liberal Students Organization (RFJ).) "We do not differentiate between well-behaved and bad," says JVP Chairman Josef Hoechtl in a grown-up

manner, "but between effective and ineffective." SJ Chief Joseph Cap derives his role of being a thorn in the side of the party from an obligation to tradition, saying: "Because we are not burdened with compromises in everyday political life, we can draw attention to the values of socialist historical continuity. JG Chairman Fritz Edlinger is out, "above all, realistically to draft a leftist policy." RFJ Chariman Christian Allesch prefers to polish the mother party, saying: "We are fighting very strongly against the old FPOe [Austrian Liberal Party] clinches.

Behind these slogans, the party youngsters, all told, cannot even gather as many as 200,000 teenagers or people in their twenties (and in some parties people in their thirties). "Politically committed young people are and always have been in the minority," says the secretary of the Federal Youth Organization, the public umbrella organization of all associations, Rudolf Heider.

The numerically largest minority at present is that of Josef Hoechtl, a veteran youth with his 33 years. His organization, the JVP, has 105,000 registered members. The organizations gathering Socialist youth, the SJ and JG, combined, number one-third less, and the RFJ reports a membership of exactly 5,500 blue [Liberal] Young Turks.

The SJ's Cap explains the support for the black [OeVP]organization as follows: "They are no political activists; they conduct their automobile rallies in fat Mercedes cars. We do not want just any members and supporters but people who are politically aware, with whom one can form a movement. JVP Chairman Hoechtl dutifully mocks back: "The young Socialists simply have to shout louder to make themselves heard at all." According to the secretary of the Federal Youth Organization, Rudolf Heider, "in their routine all the political youth organizations are the same....each has its youth centers, dance parties, St Nicholas gatherings, summer camps and excursions."

The young reds [Socialists], however, have always been somewhat more committed and rebellious.

SJ historian Peter Pelinka ("Die Geschichte der Sozialistischen Jugends Oesterreichs nach 1945" [The History of Austrian Socialist Youth After 1945] published in 1978), says that after its foundation right after World War II, "at first the youth welfare nature of the organization was rather prominent," but then it soon developed a political character. "It is the task of the SJ," said Edgar Schranz, now an SPOe deputy in parliament, in 1948, "to be the revolutionary group, and therefore also the active component, of the party." This cadre mentality was also reflected soon in violent criticism of the "coalition mentality" of the two big parties. The recently deceased Minister of Social Administration Gerhard Weissenberg in the early 1950's, in his capacity of SJ chairman, even pleaded for the Extraparliamentarian Opposition (APO), which became famous in 1968, saying: "if necessary, the party must not shrink from also conducting its struggle for its program outside parliament."

Thus threats of expulsion from the party (packaged today in the arrogant formula "Comrade, may I send you a copy of the party statutes?") were often the order of the day.

As a result of the prosperity which increased from the mid-1950's and "the lure of the incipient entertainment industry" (1955 SJ protocol), not only members but also the commitment to be critical of the party took flight. A better behaved SJ was headed by an organization of chairmen who today are rubbing shoulders as municipal councilors in the Vienna City Hall--Heinz Nittel, Peter Schieder and Johann Hatzl.

Not until the mid-1970's did SJ Chairmen Josef Ackerl (now municipal councilor in Linz) and Josef Cap of the leisure time organization with career-climbing function again stamp the image of the "bad JuSo" [Young Socialist] on the organization. The commitment against nuclear power plants, however, soon gave scope to opponents of nuclear power political in the party as a whole beyond the narrow SJ confines.

"Today," says SJ Chairman Cap summarizing the situation, "we are a moral factor in the party that cannot be pushed out of the way any longer."

At SPOe Headquarters, there still reigns nostalgia for the good old days when "the school for cabinet ministers (was held) in the SJ tent" (SPOe journal AKTUELL in October 1980) and today's SPOe bigwigs "as a rule spent the night in tents in rain and cold."

The desire, sounding through there, for a party youth loyal to the party and, if anything, promoting togetherness was fulfilled by the SPOe already in the early 1960's. "Not satisfied with the traditional youth activity" (JG Chairman Fritz Edlinger), the SPOe founded the Young Generation as an "organization operating by pushbutton in the sphere of the young electorate" (Edlinger). Thus the chairman (for instance, Hans Czettel, Leopold Gratz, Fritz Hofmann and Karl Blecha) until early 1970 was not elected by the membership but appointed by the party executive. As a result of organizational independence, the eagerly awaited child turned into a changeling. "We developed from a placard-posting brigade into an organization confronting the party with a critical attitude," says JG Chairman Edlinger. Though "definitely in agreement with the SJ on basic political questions," Edlinger, 32, notes differences in external style right off: "I am an adjusted wearer of neckties with a job insuring me an above-average income. Cap comes from the student's milieu."

And similar political contents are also packaged differently: "Whereas the left seldom wanders into the lows of everyday politics, we have formulated our leftist politics in very concrete drafts."

Eager producers of drafts can also be found in the Young OeVP. At the slightest provocation, Chairman Hoechtl (nickname "Moechtl" [something like "Would-like-to"]) will put 10 fat brochures on the table. In its public image, however, the JVP creates the impression of a "rather well behaved youth organization--which, considering its basically conservative orientation, is in the nature of things" (Federal Youth Organization Secretary Rudolf Heider). "Open conflicts become less visible," says Chairman Hoechtl, "because we have fought for and achieved a strong anchoring in the party bodies and already have a say there."

The "well behaved" image is not in dispute inside the JVP either. "This constant striving for equal rights and for being taken utterly seriously," says Vienna JVP Chairman Johannes Hahn, "has taken away a lot of our spontaneity."

A lot of spontaneity was something the party fathers did not want to develop in the first place. In 1945 the first chairman of the JVP precursor Austrian Youth Movement (OeJB) was named by the party executive, and in 1959, according to former OeJB Chairman Fritz Koenig (for a more detailed account, see Josef Hoechtl, "35 Jahre Junge OeVP" [35 Years of the Young OeVP] published in 1980), "a national youth congress begun with the purpose of electing a new national leader had to be interrupted on instructions of (party chairman) Raab because the VPOe leader persisted in the prerogative of appointing the youth leader himself. Kapo, who later was elected OeJB chief after all, and the current OeVP spokesman on energy, Koenig, then achieved what Koenig calls "one of the high points in the history of OeVP youth." Koenig says: "At the 1963 party congress in Klagenfurt, we fought for and achieved a Klaus-Withalm versus Drimmel-Hetzenauer vote, thus smoothing the way for a policy of reform." For the OeVP election campaigns Koenig invented the youth parliaments, at which--a novelty at that time--deputies in parliament concretely had to defend their views.

In the last National Council election campaign, JVP Chairman Hoechtl took a show of a number of people, including a musical group, on the road through the provinces. In contrast with the situation in all other parties, the veteran youth leader had long since managed to obtain a seat in the parliament. The acid comment by JG Chairman Edlinger, who is almost the same age: "Youth representatives who get a seat that fast are particularly suspect."

Joerg Haider, 30, also obtained his title of "youngest parliamentary deputy" via the career-climbing youth movement. The articulate FPOe Young Turk drew attention to himself and the as yet unnoticed Liberal Students Organization (RFJ) through massive criticism of the party. The RFJ crew of today also means to be a thorn in the side of the FPOe. "We want to get away from the nationalist FPOe image," says former Chairman Christian Allesch; with the fraternity Liberal Students Organization (RFS), says RFJ's Vienna Chairman Michael Wuerz, "we only have the first two letters in common."

The RFJ people, however, also have to fight nationalist remnants in their own ranks. When the RFJ last year wanted to delete a German nationalist passage from the statutes, it missed--if only barely--mustering the required two-thirds majority. Thus the Young Liberals, according to their statutes, continue to foster cultural and ethnic values on the basis of professing to belong to the German ethnic and cultural community."

So the FPOe ground is particularly hard for the party youth. When the RFJ, like all other youth organizations, protested the planned tank deal with Chile, it incurred some harsh criticism. "Either you are in the pay of the Bolsheviks, or you have been taken in by them," stated a letter to the editor in the RFJ journal TANGENTE.

According to the young blues, the style of discussion between the party youth organizations also leaves something to be desired. "I must say the take-a-swipe mentality is considerable," Christian Allesch says.

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## WEAPONS INDUSTRY FACES GRAVE CRISIS

Zurich DIE WELTWOCHE in German 30 Dec 80 p 5

[Article by Inge Santner: "Tank Destroyed by Morality Grenade--Austria's Arms Industry in Deep Trouble"]

> [Text] Austria's arms trade, which showed great promise a short while ago, has hit an unexpected obstacle. It has been largely brought to a halt--not by sales resistance, but by moral misgivings on the part of the Left and the Catholic youth.

Vienna--"I will fight this filthy business with all the means at my command," swears Fritz Prechtl, chief of the Austrian Railroad Union and president of the International Transport Workers Federation. For a start he means to stop the planned delivery of 60 Austrian-manufactured Kuerassier tanks to Bolivia. Second, he wants to make sure as a matter of principle and, if necessary, by massive strike action, that the Kreisky government will sell its surplus armaments only to certifiable democracies in the future.

Actually, there is not much left of the "filthy business" to do away with. Austria's arms industry, which, as late as last year, constituted one of the most promising export businesses of the red-white-and-red economy, has already slowed down severely during the last few months. Unsold ammunition is stacked high in depots; made-to-order tanks are showing signs of rust in the Steyr-Werke factories.

Lack of quality is by no means responsible for this calamity. The world's armed forces are thoroughly appreciative of the Austrian arms industry's products. To date there has been no lack of orders from powerful foreign buyers. As a matter of fact, eager purchasers from the Arab countries and South America have been practically standing in line. The only difficulty has been Austrian ability to deliver--this has been impaired by growing moral resistance on the part of the SPOe's left wing, reinforced by Catholic groups. Instead of the expected annual export in the amount of 400 million Swiss Francs, Austrian tank production barely managed 40 million or 10 percent. Ammunition factories report a similar deficit.

It is difficult to know what to do next. The Austrian export trade, beset by a large negative trade balance, badly needs at least a partial remedy through blazing sales of powder, lead and steel. Equally urgent is the economy's need for those

additional jobs created by the war industry. And the most urgent requirement of all is the Federal army's need for a flourishing homegrown arms production.

Through increasingly close cooperation between the armed forces and industry the Austrians gradually developed a few top quality items of military equipment. To begin with, they produced a few good military vehicles like the Haflinger and the Pinzgauer, sort of an Austro-jeep with 2.5 liter piston displacement and 4-wheel drive which is able to continue moving when all similar vehicles have been stopped in difficult terrain. Added to this were, among others, an armored personnel carrier and the Kuerassier rear-engine killer tank, the first of a promising series of tanks. The most interesting Austrian product to date is the super-lightweight 77 attack rifle, weighing only 3.3 kilograms, capable of firing 680 rounds per minute and which, according to General Wilhelm Kuntner, "beats anything available anywhere." Austrian-made products today cover 60 percent of the Federal army's needs.

To offset at least partially its weapons development costs, Austria gradually entered the international arms trade. In the beginning, it did so with almost as much discretion as that shown by a waiter in a chambre separee in a Schnitzler play. Later on it became more daring. And by 1977 it completely quit hiding its light under a bushel.

In fact, neutral Austria thereafter made energetic efforts to catch up with its role model Switzerland in its arms industry, if not in its determination for defense. Ten thousand engineers and workers are by now employed in its 40 armament and accessory factories.

By far the leading enterprise in this field is the above-mentioned Steyr-Daimler-Puch AG, an indirectly nationalized model conglomerate owned by the Staatsbank. During 1979, it earned about one-fourth of its 1.8 billion Swiss francs sales from military equipment. Especially Kuerassier sales to South America showed sufficient promise for Steyr boss Michael Malzacher to invest 7 million Swiss francs in building a new tank production facility.

Grouped around this big Number One from Steyr in Upper Austria we find a mixed bag of single-product enterprises, ranging from small to monstrously big. Among them is the state-owned steel giant VOeEST, which is making a lot of money from tank bodies and expects to do even better with grenade launchers. In addition, there are two of the most modern ammunition factories as well as Tirol's Plansee AG, a world-renowned powder metallurgy concern, specializing in metal alloys for space travel.

Total Austrian arms exports last year amounted to at least 700-800 million Swiss francs, but probably more (actual figures are treated as a state secret). And they considered this to be just the start of the upward curve. For 1980, there was an order for delivering 100 Kuerassiers to Chile, another for 60 from Bolivia. Promising negotiations were taking place with Ecuador and Saudi Arabia.

The export-happy weapons manufacturers are justified in not expecting any difficulties on the part of the government. Certainly, every Austrian arms export

shipment is required by law to obtain authorization from three ministries (interior, foreign, and defense). They, jointly with the Federal chancellor, are supposed to make sure that no neutral weapon finds its way into a crisis or even a war zone. In practice however, Austrian responsible agencies make their decisions in the same manner as their Swiss or Swedish counterparts: it depends on each individual contract situation, i.e., strictly neutral, if it is a good one and quasi neutral, if it is bad. A sale of tanks to dictatorially governed Argentina, for instance, had full approval by the Ballhausplatz.

Resistance was certainly not forthcoming from above. Most surprisingly, it came from below. When during the summer of 1980 the public heard about the planned Kuerassier export to Chile, screams of protest arose from social democratic as well as Catholic youth circles. The word "Chile" served to sensitize them with a bang. It was not enough that some pictures of the revolution in La Paz had shown some Steyr tanks attacking the population. Now the suspect Pinochet was about to take delivery of Austria's best chain clanker!

The SPOe newspaper AZ was forced for many weeks to print outraged letters to the editor which deplored "the unequaled lack of international worker solidarity." Radical leftwingers like Sepp Wille, chairman of the metals, mining and energy union, expressed their moral misgivings ("you cannot simply create jobs and then shoot other peoples' heads off"). Even the council of ministers was split by disagreement. Finally even Kreisky himself saw himself forced to say "nyet." "The Christians must be shown that we are not lacking in principles either," he said as he canceled delivery of the completed Pinochet tanks in August.

Since then there has been stagnation in Austrian arms exports. Nothing seems to go right any more. The government is afraid of public opinion; the manufacturers are afraid of the government. Potential customers on the other hand are afraid of being left out in the cold at the last moment--obviously, there are hardly any certifiable democracies with certifiably peaceful intentions among them.

Obviously, there have been and still are some efforts made by the Steyr works to push the slowly rusting Kuerassiers off to Chile or Bolivia somehow, perhaps by routing them through France. But Fritz Prechtl has to be reckoned with. In his capacity as union chief of the Austrian railroad workers and president of the international transport workers he can take countermeasures at any time by threatening strikes of rail workers or by closing off Netherlands harbors at the decisive moment.

Mourns an insider: "The Austrian arms industry is finished."

9273
CSO: 3103

SCHILLING REMAINS STEADY, MUST FOLLOW GERMAN MARK

Vienna DIE PRESSE in German 12 Jan 81 p 3

[Article by Kurt Horwitz: "The Schilling Remains Chancellor-Proof"]

[Text] Vienna--As a "currency politician" Chancellor Kreisky is only moderately successful, but he certainly is not inexperienced. Once before, on 25 November 1977, he made the schilling "the talk of the town." At that time, when addressing members of the Koreska firm, he challenged the fact that the schilling was blindly following the German mark, whereupon--as requested--the schilling promptly fell by about 1 percent.

Today, however, a similar action simply evaporated. Following a short-term "shock" which cost Austria a foreign-exchange drain of $206 million or approximately 2.8 billion schillings the "Kreisky effect" soon vanished. Although, when addressing first the staff at the Vereinigte Edelstahlwerke [United Steel Refinery Works] and subsequently journalists in Vienna on 18 December, the chancellor put the blame on the fact that the schilling was too closely linked to the internationally weak German mark, making it responsible for the problems of the Austrian export economy, for the time being there will be no changes as far as the "hardness" of the Austrian currency is concerned.

This hardness is more and more determined through irrational factors. Some economists, particularly National Bank President Stephan Koren and his advisors, are "establishing" a range, and the exchange rate of the schilling is supposed to stay within it if at all possible. It is defined exclusively in relation to the German currency; at the present time, the exchange rate is somewhere between 690 and 710 schillings for DM 100.

According to official statements, the exchange rate of the schilling conforms to the supply and demand on international foreign-exchange markets. In practice, foreign-exchange influxes and outflows are indeed playing a role but not the most important one. If the exchange rate of the schilling rises, for instance, as happened recently when it approached the upper limit of the imaginary range, an increase in the influx of foreign eschange--perhaps through the winter tourist trade and the loans that are made abroad and brought to Austria where they have the effect of a foreign-exchange influx--will increase the value of the schilling only slightly. Vice versa, outflows--caused above all by an extremely negative trade balance--will not particularly weaken the Austrian currency either when it has dropped to the lower limit of the range.

In the process Austria is benefiting from the fact that from the international point of view the schilling is neither an important transaction nor reserve currency: No international trade transaction, for instance, oil shipments, are computed in schillings and foreign-currency reserves are rarely held in our currency. In contrast to the Swiss franc and the German mark, which are strongly exposed to international influences, domestic currency politicians can go about their ways relatively undisturbed.

Nevertheless, in spite of it they will have to stick to certain rules of the game. In recent months the German mark has been extremely weak; it lost a lot of ground particularly against the dollar. On the other hand, Austria is very much interested in a "weak dollar": We are paying our crude oil bills primarily in dollars; the fewer schillings that have to be paid for a dollar, the cheaper the oil will be for us.

Therefore the dream of every economist would be a low exchange rate for the dollar but simultaneously a "hard German mark," because a considerable portion of our exports are conducted in this currency. The fewer German marks the German importer has to pay for the schilling, the cheaper (and the more competitive) our goods are on this market.

This dream cannot be fulfilled, because otherwise the international foreign-exchange trade would take advantage of the differences in exchange rates, buying dollars for schillings and exchanging them for German marks and consequently make a good profit. This procedure, which is called arbitrage, would quickly rearrange conditions. Since the schilling is a minor currency, it has no other choice but to orient itself toward another currency--in this specific case it happens to be the German mark--and to arrange the relationship to other currencies accordingly.

The National Bank is creating for itself a certain latitude through its interest and credit policy. The in- and outflow of foreign exchange is supposed to be the actual controlling instrument of the exchange rate, permitting the free movement of individual currencies: Influxes cause price rises, in other words, a schilling "revaluation": outflows cause a devaluation.

The establishment of credit abroad by the Federal Government is a controlling instrument: In general, the Ministry for Finance takes out loans in foreign currencies--necessary to finance budgets--at a specific time, but it keeps them in a foreign account for some time as "cash reserves." Foreign trade conditions cause an unusually strong outflow of foreign exchange during a particular period of time, the credit is transferred to domestic institutions to compensate for the outflow.

A similar procedure is followed by the Controlling Bank which makes loans abroad to carry out export promotions; timewise, however, it is less flexible than the Federal Government, because most of the time it needs to pass on the money promptly. Altogether, the volume of money that could be used for juggling purposes last year amounted to between 30 and 40 billion schillings.

The effect of the interest policy points in the same direction as is the case with loans: When interests are higher than they are in the neighboring country, as is the case currently in Austria, foreign-exchange influxes are stimulated. At any rate, it does not pay, for instance, to borrow money and pay for imports ahead of time in expectation of a slight devaluation of the schilling by 1 to 3 percent--the size Chancellor Kreisky had in mind. The difference in interests, when compared to Germany, is also big enough to attract investments to Austria, because in spite of a certain danger of devaluation they look profitable: In the neighboring country, money-market rates for applicable large-scale investments are between 9.5 and 10 percent; in Austria they are around 11.5 percent.

The pedants in the Economic Research Institute, however, are not satisfied with mere exchange-rate changes; they also compute "nominally effective" and "really effective" exchange-rate changes. As their basis they take a bundle of currencies, a so-called "currency basket," the composition of which is weighted in accordance with foreign trade statistics; the German mark dominates with approximately 45 percent. "Effectively" the exchange rate of the dollar has risen since April from approximately 13.30 schillings to 14 schillings, "really" it has even become more expensive, because inflation in America is much more severe than it is in Austria, in other words, one was getting less for a dollar. Altogether this "index of the Research Institute" records for 1980 a "real" devaluation of the schilling somewhere between 4.5 and 5 percent against the "currency basket"--a fictitious figure which should even have confused the chancellor a little bit when he was criticizing the hard schilling.

Such calculations are of secondary importance or, at best, only a contributing factor to the decision-making by currency politicians who have to choose between export promotion (through a cheap, "soft") and a halt to inflation (through a hard) schilling (reducing the cost of imports).

In recent years they were clearly in favor of slowing down inflation. Their major argument is that a soft schilling is not contributing anything to a substantial improvement in competitiveness in foreign trade, but it only increases the cost of imports. This argument has one thing in its favor: To date nobody has been able to refute it. If Austria's exchange-rate policy were such as trying to stay competitive with "soft-currency countries" like Italy in countries like, for instance, America, the schilling would have to be devaluated by at least 15 to 25 percent. Because of the accompanying increase in prices for imports, however, it is a utopia which is not even suitable for discussion. Such a measure would only be feasible in connection with a wage-price stop--a declaration of bankruptcy of the economic policy.

"There must be faith in a currency," is one of the most important psycho-economic principles. At the present time there "is faith" in the hardness of the schilling, although it is neither justified through the international development of inflation--5 percent in Germany, 7 percent in Austria--nor through the development in the trade balance. Consequently, a few decisive statements of denials and a well-aimed plan of ignoring short-term outflows of foreign exchange will be adequate to keep the schilling within the desired range, although all signs (and not only the chancellor's words) are actually pointing to a slight softening in position.

8991
CSO: 3103

## BRUSSELS FDF MAYORS WANT REFERENDUM ON BRUSSELS

Brussels KNACK in Dutch 10 Dec 80 pp 32-34

[Report on moves by FDF (Democratic Front of Brussels French Speakers) mayors to hold referendums on the future of Brussels, by J.G.: "A Solo Number by the FDF"]

> [Text] The Brussels FDF mayors want a statement from their constituents within the forseeable future about the future of the Brussels region. On 14 December, the first in a series of fiercely attacked referendums will be held in Francois Persoons' Sint-Peters-Woluwe.

In view of the fact that the Brussels FDF, which wants to seek out an opening as soon as possible to the Walloon region, where Paul-Henri Gendebien and Etienne Duvieusart are shortly going to begin to be seen everywhere with their new anti-Belgian party (for an independent Wallonia), feels the traditional parties, but particularly the UDRT-RAD breathing down its neck, its mayors are unlimbering a fiercely attacked referendum. They do not see this plebiscite as in any sense stimulating community disunity, but rather as a possibility for the Brussels citizen finally to be able to express himself one time about the future of his region, a region which--so says the FDF--is misdivided, which does not have at its disposal the same institutions, powers and financial means as the other regions, where on the average 50 percent less can be spent per inhabitant than in places like Luik or Antwerp, for example (Francois Persoons commonly calls this "organized injustice"), where there is no local Community Council, in contrast to Flanders and Wallonia, and which, finally, is more severly affected than the other two regions by the current economic crisis.

It is in this Brussels, then, that a referendum is coming. Within the Conference of Brussels Mayors, a semilegal association with a history of nearly 100 years, there has already been talk of such a referendum repeatedly, but thus far there has been no agreement among the city fathers about it. There still is none, and therefore the FDF mayors have decided firmly to hold their own poll. The questions which the Brussels citizen [is to answer] in December or January--but now there is talk of February or March in some communities, because quite a wind of opposition to the proposal has sprung up--express in words the FDF fear that shortly a decision will be reached with regard to the future of Brussels by a majority who are not from Brussels. In other words, the FDF wants to take up the results of the referendum and thereby put themselves forward as a representative with a popular mandate whenever Brussels is the sole issue.

Mini-Poll

Now the FDF is a rather poorly organized party. It does not have much imagination, and had rather take over existing initiatives than work out its own ideas. That is the way it went with this referendum, too. The original idea comes from the mayor of Jetter, Jean-Louis Thys (PSC) [the French-speaking branch of the Social Christian Party] and his party comrade and fellow Brussels resident Michel Demaret. Several months ago they organized a sort of mini-poll in Northwest Brussels. They are also now accusing the FDF mayors of operating without the cooperation of the other parties, but the FDF is rather logically turning that charge back on them by referring to their solo activities of several months ago.

Why should there now be a plebiscite and not a normal opinion poll such as is carried out in this country at the drop of a hat? A study like that has too small a base, according to the FDF. A poll of a limited sampling of the population can be attacked in all possible ways and experience has shown that the party itself has already been hit twice by a false electoral poll prediction. A plebiscite like this, that is something different. Persoons has been dreaming about it since 1977. At that time, he wanted to have his constituents make a statement concerning the fusion plan of Joseph Michel, the then minister of domestic affairs, but that plebiscite did not go through because of the fall of the Tindemans I cabinet.

Within the circle of FDF mayors, Persoons is now the furthest along in working out the referendum. Together with his colleague and fellow party member Leon Defosset, he has become somewhat the sponsor of it, because he is more convinced than ever that the Belgian state is governing his corner poorly, not only institutionally but also just say socially and economically. He, therefore, passes up no opportunity to express his criticism of the working of the state and one of his most remarkable positions in that respect is that every year the state wastes four to five times the value of the portfolio of Société Générale here for superfluous projects à la Zeebrugge, with injections into failing shipyards, with subsidies to eternally unprofitable coal mines, and because of too many underworked public servants. In the Sint-Peters-Woluwe, the voters can now go to the polls on 14 December, for as far as practical organization is concerned, this referendum is clearly related to the normal municipal council elections. Voters are being invited on the basis of existing voter registrations, and beforehand they can go to five evening information meetings, where it will be explained to them what this is all about. Those invited will then go to the voting offices on 14 December with their invitations and their voter registration cards. They then receive the actual ballot, which contains exactly the same questions as the sample ballot that they will have received with the invitation, but with the exception that the actual ballot will be provided with a seal to prevent double-voting. Further to prevent any possible fraud, there is a system of chairmen, observers, vote recorders and witnesses, just as though it were a real municipal council election. As yet Parsoons is not hazarding an estimate of the results, but if on the given day a good 40 percent of those entitled to vote come, he will be quite satisfied.

Tradition?

The questions from Sint-Peters-Woluwe (See box), some of which can be answered with a yes or no, are a bit different from those of Defosset's Etterbeek and show only

a slight resemblance to the proposed questions which have always been put forward in the Conference of Brussels Mayors. For example, a question was passed around then whether the voter felt himself first to be a Fleming, a Walloon, or a Brussels resident. According to Persoons and Defosset, that is a completely fatuous question, because few people will be able to answer it formally with a yes or no. To take just one example, a Flemish businessman can only feel himself to be more a Fleming, because of his origin, his nurture and so on, but through his clientele and, therefore, in a socioeconomic context he may feel himself to be more of a Brussels resident or even a Walloon. Besides the difference in questions, in Defosset's case and probably also in other municipalities there will be a different procedure. Defosset, for example, will send personal letters to all residents of Etterbeek, who will then receive 3 days' time to submit their answers under supervision. Georges Désir, of Sint-Lambrecht-Woluwe, is having his municipal personnel carry the forms around and then they will be collected again in sealed ballot boxes.

Such plebiscites cannot be called a solid tradition in this country as for example, is the case in Switzerland. But still there are a number of precedents, which could indicate a beginning tradition. In the first place, after the great example of the question of the monarchy, there was the referendum in Luik Province. The question then was whether the municipalities in the Voeren District ought to remain in that province or whether they ought to be annexed by Limbourg. A 76-percent majority of the populace voted to maintain the status quo, that is, to keep Voeren in Luik. Andenne's referendum is also recognized, where the population had to express themselves on the nuclear power plant planned there, and finally the inhabitants of Nijvel were asked whether they were proponents of a romanesque or a gothic clock tower. The result was a romanesque one.

Just about everyone has something against the planned referendum, from the Flemish Socialist Karel Van Miert, who has his doubts about it, through his minister, Mark Galle, to Rika Steyaert (CVP [(Flemish) Social Christian Party]), secretary of state for Flemish community affairs, followed by all of the Flemish party chairmen. They argue in part that there is not the slightest legal foundation on which such a referendum can be based. But the FDF mayors answer that to be sure such a consultation cannot be justified on the basis of law texts, but that all governmental authorities have the right to consult with their constituents about situations which involve them directly or indirectly. And not entirely incorrectly they also refer here to the inquiries among the parents of school children, which are so to speak considered the common thing in the world today.

The FDF has also pointed out that a similar form of consultation would be able to offer a resolution for a number of typical Belgian problems, for example, the expansion of Zeebrugge, or even the Dutch model for unemployment, in which the unemployed are paid better than they are here, but where at the same time there is a much stricter regulation. In the mean time, Persoons has not been willing to admit that such a procedure would turn out to be enormously expensive. He does not argue, as does Désir, that the cost of the referendum just has to be taken out of the information column of the budget of his municipality, but figured that the whole operation should cost about 400,000 [Belgian] francs. That is the price that his municipality will pay for the printing of the ballots and the invitations, for paying the fees of the voting office officials, for sending out the forms and for reimbursing bus and rail tickets, as is done in other elections.

Persoons is going to push through his plan, even if the next higher level of government should reject the initiative. He feels that the "1.2 million" inhabitants of the Brussels region have the right to make their mark on the future of their city and its environs, but he is fully aware that Flanders and the traditional parties are not much in favor of this unheard of experiment whose outcome is anything but predictable. If the pressure on him personally or on his colleagues just to let go of the idea becomes too great, Persoons says that will be just one more example of a "colonial" reflex.

[Boxed paragraph] Francois Persoons' Six Questions

1. Must the Sint-Peters-Woluwe municipality continue to exist as it is, which excludes any melting away or incorporation with other municipalities from the agglomeration?

2. In the delineation of the Brussels district, must account be taken of the will of the citizens? As a result, must the inhabitants of the agglomeration and the boundary areas be consulted as quickly as possible?

3. Must the Brussels district have the same rights as the other districts, the same institutions, the same powers, the same financial means?

4. Must the Brussels institutions, municipalities and agglomeration, district, be established in a democratic manner on the level of the [town] meeting and on the executive level on the principle of one voter-one vote?

5. Must the Brussels authorities be adjusted to the actual needs of the populace on the basis of the bilingual nature of the services without requiring the civil servants to be bilingual and by ensuring that each resident be dealt with and served in his own language?

6. Must the Dutch-speaking Brussels residents in the midst of the Flemish community of Belgium enjoy the same rights and advantages as the other Flemings? Must the French-speaking Brussels residents in the midst of the French community of Belgium enjoy the same rights and advantages as the Walloons?

6940
CSO: 3105

PSC, CVP WANT GOVERNMENT AUTHORITY STRENGTHENED

Brussels LE SOIR in French 15 Jan 81 p 2

[Article signed J.v.H.: "PSC and CVP Wish For Strengthening Of Government Authority]

> [Text] There were crowds last Tuesday at the traditional New Year's day reception held by the PSC-CVP, Rue des Deux-Eglises. In addition to the prime minister and the Christian Socialist members of his government, there was a whole band of former prime ministers and ministers among whom Viscount Gaston Eyskens, Baron Jean Van Houtte, Messrs Pierre Harmel, Gust de Schryver, Robert Houben, P.W. Segers, Jos De Saeger, Andre Dequae.

Speeches were brief. Especially that of Mr Leo Tindemans who consisted of a few quotations, among which one from Jacques Chirac who recently said: "There is too much administration, and not enough government! We need a little more government and a little less administration," commented the former prime minister.

For his part, Mr Dieudonne Andre, chairman of the PSC [Christian Socialist Party] group in the Senate--replacing Mr Paul Vanden Boeynants, its chairman, who had just had minor surgery--underlined that the Christian Socialists of this country must reassert the main lines of their political action which must continue to be inspired by what the common good requires. According to him, it is "only by multiplying initiatives to reassert the value of work, initiative and dynamism in individuals and groups, and to bring about a revival of our enterprises," that we shall overcome the crisis.

Speaking of the organization of communities and regions, the speaker also felt that it "must go hand in hand with a reorganization of the central government and a strengthening of its authority." He also called for "a greater stability of the central government" and "a restoration of the Parliament's influence and efficiency." He went on to say that a number of "long overdue" reforms must be made without delay: giving Brussels an equitable status, reforming the Senate, adapting our bicameral system, deciding what to do with the lower authorities and especially the provincial institutions.

9294
CSO: 3100

EC COMMISSION CRITICIZES GOVERNMENT AID TO STEEL INDUSTRY

Zurich NEUE ZUERCHER ZEITUNG in German 14 Jan 81 p 13

[Article by pmr: "EC Commission Criticizes Belgium's Aid to Steel Industry"]

[Text] Brussels, 12 January--A letter by the European Commission has caused a great deal of excitement in Belgium. In this letter, which goes back to the middle of December but did not become known until January through an indiscretion, the EC authority is expressing its doubts that Belgian government aid to the steel industry will actually be able to make the industry competitive again in the foreseeable future. The commission is afraid that the investments which were decided upon by the National Planning Committee and which are to be financed exclusively through government-guaranteed loans will place such big burdens on the enterprises, because of the high interest rate, that it will be a long time before they will be able to stand on their own feet. In addition, there is the danger that production capacities--in contradiction to prevailing market conditions--would be expanded rather than reduced. Furthermore, the commission is criticizing the violation of an existing EC rule which requires registering state aid. It refers to the emergency loan of 1.5 billion Belgian francs which was granted to the "Triangle de Charleroi" in the middle of November for the payment of wages. The Belgian government has been given until 19 January to present detailed figures on state aid, investment programs, production plans and the financial structure of the enterprises for the years between 1980 and 1985. In the meantime the commission suspended its aid program, which is to contribute from EC funds 40 percent of the Belgian state aid totaling 30 billion Belgian francs.

Indignation on All Sides

The news of the commission criticism caused enormous indignation among Walloon labor unions, steel enterprises and regional politicians. They are demanding that the Brussels government provide the promised investment funds and guaranteed loss assumption. Minister of Economics Claes, the "father" of the Belgian steel plan, tried to calm the minds, calling it a "tempest in a teacup." In reality, however, neither the minister of economics nor union leaders or company managers can dispute the fact that the doubts of the commission are very much justified. Nevertheless, in view of all the steel subsidies that are springing up all over Europe, nobody expected anyone seriously to question the meaning of it.

Many apparently sensible reasons have been given in Belgium--coming from all sides--supporting the necessity of state aid. Managers are complaining about the high level of wages, which is 10 to 20 percent higher than those of their European competitors, and they feel that they are in no way responsible for it. They are also complaining about the social legislation which makes it almost impossible to dismiss workers. Many of these managers are using these social expenditures as a basis for their claims to state aid. Labor unions, on the other hand, believe that they have an absolute right to the preservation of their jobs, and many of their supporters are convinced that nationalization would eliminate these problems in no time. For the time being the state itself cannot find an alternative to the steel companies: they are still the economic backbone of the old Walloon industrial region and still providing more than 40,000 jobs in the south of the country--including transportation and service companies the number of jobs is probably as high as 100,000--and they are making a considerable contribution to Belgian exports. Finally, politicians, employers and union leaders are joining hands in putting together tempting figures, according to which it would be much cheaper for the state to subsidize a job in the steel industry at approximately 200,000 Belgian francs than it would be to support an unemployed person at as much as 500,000 Belgian francs annually.

Subsidy Philosophy of Steel Industry

There are really no precise calculations available in Belgium as to how long such a subsidy philosophy is actually to be financed. Anyway, Charlier, the manager of the Luettich Cockerill Works, admitted in January 1980--that is before the recent economic lull--that his company would have to be prepared for a lean period which would last for at least another 4 years, during which time losses were expected to reach between 4 billion Belgian francs and 7 billion Belgian francs annually. At "Triangle de Charleroi" nobody even dares to make any predictions of this kind. Following production-technical and commercial contractions--which took place in recent years--last December it was also merged into a legal entity under the roof of Hainaut-Sambre S.A.

In Luettich as well as in Charleroi, productivity almost doubled in recent years; it is now between 5 and 6 man-hours per ton of steel. Nevertheless, compared to the modern Siderurgie Maritime (Sidmar) in Flemish Gent or even compared to the Japanese, the Walloons are still far behind. Nevertheless, it appears that the managers who have been spoiled by generous state funds are not very much concerned about the fact that Charleroi is dependent on the railroad for 75 percent of its transportation needs, which is considerably more expensive than modern freighters--on the contrary: The fact that more than half of Belgium's railroad freight consists of raw materials and products of the steel industry is even used as an argument in support of steel subsidies. The Belgian railroad is always deep in the red, and what would happen to it without the Walloon steel industry?

In view of the fact that in 1979 the Belgian steel industry accumulated losses totaling 33.4 billion Belgian francs--raw steel production reached 13.4 million tons and sales amounted to 145 billion Belgian francs--there was no private source of capital left willing to invest in the shaky industry.

Even holding companies which belong to the circle of "firm steel stockholders" are giving a cold shoulder to the industry which at one time was one of the most profitable components of their portfolios. A Finance Company for the Steel Industry (SFS), which was founded by them and was to contribute half of the planned investment program of 44 billion Belgian francs, suffered shipwreck on the domestic as well as the foreign capital market. The holding companies informed the minister of economics laconically that without state guarantees the money could not be raised.

Additional Mortgages

To be able to save face and to avoid assuming responsibility for the entire amount of the investment at least officially, the minister invented a new magic formula. The bankrupt steel finance company is to be replaced by a "Belgian fund for industrial financing," whose assumption of credit is not only to benefit the steel industry but also those industrial branches that are still in good standing, such as the electric industry and the petroleum industry. The minister hopes that by using this trick and a state guarantee for 60 percent of the raised capital, he will be able to get money for the steel plants on the Euromarket after all, without having to admit publicly that all the investments in Luettich and Charleroi will eventually be at the expense of the Belgian taxpayer. A decision on the new fund is expected still this week. The fact that high Euromarket interests and the currency risk of foreign credits are placing an additional mortgage on the steel enterprises, which in turn can only be paid off with state aid, was simply put aside, at least until the receipt of the letter from the European Commission.

8991
CSO: 3103

NEW, OLD POLITICAL PARTIES OUTLINED

Athens ANDI in Greek 16 Jan 81 pp 17, 18, 19

[Text] "Everything was like beads on a string; the string broke and the beads scattered all over the floor; and now we search for the beads to put them back as before."

It would not be a mere play on words if we said that the absence of Makarios is present everywhere in Cyprus. The overwhelming majority of Greek Cypriots had identified their future with political plans of this personality who possessed an intellectual stature and a leadership ability so disproportionate to the size of the country but fully appropriate to the complexity of the problems he had to face. Around him had gathered all, with the exception of the supporters of "immediate self-determination-Enosis" who followed Grivas, the other personality of the Cypriot struggle who, whatever conspiratorial, military or fighting qualities he may have had, never showed the smallest kernel of political thought. Characteristically, while few pictures of Grivas remain on the walls of certain homes, Makarios' political heritage is claimed by all political parties in Cyprus without exception.

The central issue, for example, among Kyprianou, Sofianou, and Papadopoulos is who is the faithful and legitimate heir of Makarios. Indirectly, from the point of his intellectual heritage, the succession is contested by Kliridis, Lyssaridis, and even by AKEL. There are six parties as we said--"a bagfull," "a luxury for us," "danger for our national unity," "insatiable personal ambitions" are some of the explanations one often hears from the common man of Cyprus. The politicians, of course, have their own expressions. Let us hear those explanations, presenting at the same time their spokesman, starting from the Left and moving toward the Right.

1. The Extreme Left

The extreme Left is made up of a few hundred young people mostly from higher education students and intellectuals centered around two bookstores, a periodical, cultural activities, and some efforts to politicize women's problems.

Recently they organized a few significant public appearances on the occasion of the extradition of the two Cypriot university students who were imprisoned "because they were participating in a terrorist group," and honored the memory of Iakovos

Koumis who was killed in Athens in the incidents of the Polytechnic School anniversary. The first of these appearances was rather violently put down by the special units which were organized by the Cypriot government in imitation of our Order Restoration Units [MAT]. The extreme Left groups call attention to a serious question of democratic freedom. They talk about arbitrary arrests, bastinado in jail, surveillance, stool pigeons. When we raised this question with government spokesman Ledas, he replied: "All these charges are fairy tales. In Cyprus there is more freedom than necessary. Unfortunately, a certain few groups are incapable of using their constitutional rights with dignity and order."

We would very much like to take this answer literally. The problem is that all government when they are charged with arbitrary action give the same answer. However, for us the matter remains open.

2. The Communist Party ("Restorative Party of the Working People"--AKEL)

The Cypriot Communist Party, regarded by many as the largest political party in the island (the estimates range from 25 to 40 percent) is the best known in Greece. ANDI has published comments, articles and reports on AKEL and its policies on many occasions, thanks to the contributions of its Cypriot correspondents, Giorgos Tsalakos and Ploutis Servas.

Let us underline three aspects of its political personality:

a. Its insistence on its seniority. Founded in 1929, AKEL underlines on every occasion that it is an old, tried and stable party. This "seniority" is also shown by the age of its leading members. They are too old in terms of the Cypriot political world since the Cypriot politicians were "born" during the war of liberation (around 1900) and on the average are around 40 years old. By stressing its "age" AKEL tries, in our opinion, to remind people of its long reforming presence in the field of social struggle. In the forthcoming electoral campaign, AKEL will give first place to economic matters and the demands which relate to the standard of living. Its policy on the national question--beyond the verbal denunciation which 3 months ago stirred up the waters and essentially started the electoral campaign--appears to be in line with the Kyprianou line.

b. The moderation and the trade union character of its demands. As long as Makarios was alive, he was providing an ideological [illegible] of "national unity" which overshadowed and smothered any element of class struggle. But today when other groups of the Center or of the Right are determined, as we shall see, to center their policies on the domestic issues, the moderation of the Cypriot communists may be attributed exclusively to an autonomous strategic choice. AKEL is "the good old party" which tries to reassure people in every way and to gather its ranks, the politically and socially undifferentiated masses, around a platform of reasonable, partial, quantitative demands.

Characteristically Kliridis has given it a "certificate of good standing" by not regarding it as a party of the extreme Left. "It does not promote Marxism in Cyprus and does not conduct a class struggle; it does not even seek social change. It simply follows a foreign policy in line with that of Moscow."

c. The extent and form of its "parapartisan" activities. AKEL controls a wide network of organizations which participate actively in the economic life of Cyprus. These are not only the usual front organizations (peace committees, cultural movements, cultural clubs, youth movements, and so forth) which are created and controlled by the European communist parties to spread their policies more widely. These are activities under the indirect but tight control of the party in entire branches of the production and distribution of goods (cooperatives, stores, financing enterprises, tourist agencies, export-import enterprises). In this way AKEL has become probably the major employer on the island. The entire system is completed with a broad network sending "customers" to socialist countries for hospital treatment or for studies.

3. The Socialist Party ("United Democratic Union of the Center"--EDEK)

This party was established in 1969 by Vasos Lyssaridis, previously a leading AKEL member, personal physician and advisor to Makarios, to follow steadily and without deviation the idea of independent and nonalined Cyprus. With advanced positions not only on the national question but also on most domestic fronts of class struggle, EDEK benefits from the effect of its clear-cut policy as far as its electoral influence is concerned. As we were told by Deputy Takis Khatzidimitriou who was known for his forceful opposition to the junta in Athens, he dared to form a demonstration with a very small number of friends against the dictatorship in the heart of junta-controlled Nicosia. "...When matters get tough people turn to EDEK which is well known for its unwavering policies. But when there is even a deceptive impression of easier solutions people leave us for some other more flabby and conservative parties of the Left or Center? Well known for its ability to field armed groups against the terrorism of the Right during the period of anomaly, EDEK has significant connections in the world of the nonalined, especially with the Palestinians, and close, brotherly relations with the Panhellenic Socialist Movement [PASOK]. Its opponents consider it a utopian and dogmatic party which will never be able to expand its influence.

4. The Pan-Cyprian Renewal Front [PAME]

This is the personal party of former Minister of Education Khrysostomos Sofianos and claims to represent the more progressive wing of the Makarios heritage. Its chairman is believed to have particular influence in the Pafos district and its political platform is akin to that of AKEL, except for the intensity of its criticism of President Kyprianou and the fact that certain declarations stressing national independence leave the impression of a psychosis against Athens.

Some of its political opponents believe that PAME was "manufactured" by AKEL in order to absorb "front" votes from the governing party DI.KO (Democratic Party) and EDEK. Some claim that its early "promotion" now is designed to develop a "front" candidate from the Makarios camp who will be supported by AKEL for the presidency. The "young and impatient" (as some of his critics say) Sofianos denies all these allegations as unfounded. He wants to represent the entire Makarios (formerly unified) camp, from the area represented by Klerides to the area of AKEL, without of course ruling out a post-electoral alliance with "other democratic progressive forces."

5. The "New Democratic Front" [NE.DI.PA]

This party was founded by Speaker of the House Alekos Mikhailidis with five other deputies of the governing party who defected. It is not considered as particularly interesting. The other political leaders call Mikhailidis a "parachutist" of political life, who initially leaned on Kyprianou to become speaker of the house (his nomination caused the defection of three deputies of the governing party) and then turned against his former protector for strictly personal reasons. Mikhailidis does not seem to have attracted a significant group of cadres and voters from the governing party and beyond an acute opposition to the president of the Republic one cannot discover elements of political "personality" differentiating this new political organization.

Finally, it is said that Mikhailidis has secured the support of a significant group among the clergy connected with the archbishopric, thanks to his conservatism on the question of farm reform.

6. The Center Union [EK]

Tassos Papadopoulos is the key personality and the reason for the existence of this strictly personal party. A veteran EOKA fighter who at age 24 became the first minister of the interior in independent Cyprus and then minister six times in subsequent cabinets, he is now a leading attorney in Nicosia. He has direct ties to big business in Cyprus and several Greek enterprises with interests in the Middle East and Africa.

His organization claims to represent the orthodox wing of the Makarios heritage and defends the memory of the ethnarch without reservations at least at the level of political rhetoric. The clientele of this organization is placed at the right-center of the political stage, the same area that Kyprianou and Kliridis are trying to cover. In addition to the unquestionably strong personality of its leader, EK seems to have significant economic resources and modern ideas about political campaigning. The question, of course, is what exactly is the true EK influence among the voters.

7. The Democratic Party [DI.KO]

The party of President Kyprianou has suffered the effects of being in government for a long time. It has lost almost half of the party deputies in the assembly and a large part of its following. Even the person of the president may no longer be a positive element in the new party's political appeal. Even its loyalty to the Makarios line is questioned from the beginning. Some say that he simply said, "I believe" when asked, "Do you believe in Christ?"

For his most outspoken critics like Papadopoulos, Kyprianou "...is a calamity for Cyprus, not so much for what he is doing but for what he is not doing." Former Minister of Education Sofianos claims that the government and the president of the Republic personally have failed dismally and completely. Kliridis considers him "...totally inadequate, mainly because he appears to be indecisive at critical moments." Others note his procrastination. Even his political friends speak of mistakes in his choice of persons (as, for example, when he promoted Mikhailidis

with the results we described above) and lack of vigilance to prevent scandals and abuses which are now being charged against the party's reputation.

8. The Democratic Rally (DI.SY)

Glavkos Kliridis, at the extreme Right of the political life, was once the second most important personality after Makarios in public life. The "highly distinguished" scion of one of the most prominent families on the island claims that he is not the one who moved politically but that the EOKA veterans are finally convinced that the independence of Cyprus is not necessarily an obstacle to the preservation and fulfillment of the national identity. He notes that to identify the "misguided" Cypriot nationalists with the Greek fascists is unwarranted, and he adds:

"They accuse us of having provided a political shelter for the extreme right-wing coupists and at the same time they denounce us as being conciliatory. Yet, in the representative bodies of our party there is not a single coupist or juntist. We simply have the support of all those who oppose the popular front." What better basis, we would add, than anticommunism to gather together the extreme Right, even when there are certain opposing views on key political issues. Maybe it was precisely because his attempts to define himself were so "acrobatical" that the otherwise stylish and polite Mr. Kliridis behind his impressive cigar reminded us at times of "Mr. Rastapoulos" of the "Ten-Ten booklets" (a cartoon character).

But let us have him tell us about his party:

"The Democratic Rally does not have the political philosophy of the extreme Right and even moreso of the Greek extreme Right. This is a party representing many social classes, which believes in a progressive social policy. The basic elements of its political personality are:

"a. The 'as-quickly-as-possible' solution of the national question in the framework of a united independent federal state because the continuation of the status quo eventually will lead to the partition of the island.

"b. Because Enosis must be ruled out, we must find reasonable arrangements which will allow Cypriot Hellenism to remain faithful to its Greek roots.

"c. Fight against any attempt to impose a totalitarian regime, whether of western or eastern type or a collectivist solution which will place in a secondary position the individual freedoms and private initiative."

Electoral Predictions

No political personality in Nicosia risked any predictions with regard to the chances of his party in the next election. But most of them tried to offer predictions about others. We will try, therefore, to attempt a risky prediction by cross checking all these estimates, which of course has exclusively indicative and temporary character:

| | | | | | |
|---|---|---|---|---|---|
| PAME | 6-8% | EDEK | 10-15% | AKEL | 30-35% |
| NE.DI.PA | 2-4% | EK | 8-12% | DI.SY | 25-30% |
| | | | | DI.KO | 20-25% |

These predictions, of course, take into account the fact that this is a presidential republic and that the parliament is limited to the enactment of laws. For this reason, the psychology of the "wasted vote" has a special quality in Cyprus. A party needs to have not only a large number of votes but also a serious candidate for the presidency.

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## KNUD HEINESEN, SDP FOLKETING CHIEF, DISCUSSES ECONOMY

Copenhagen BERLINGSKE AFTEN in Danish 11 Jul 80 p 3

[Article by Nele Poul Sorensen]

[Text] When this article appears, Knud Heinesen will still be chairman of the Social Democratic group in Folketing but no one knows how long this will last. He would like to have become our ambassador to Zimbabwe but that was out of the question. His prime minister, his acquaintances and his colleagues put pressure on him to back off. He talked to BERLINGSKE AFTEN about our economic problems which he admitted we caused ourselves. He denied that employees work just as conscientiously even if they don't have influence or own their own companies and he said the people have never been interested in democracy and that it is not the job of politicians to make people happy.

On 21 June this year the Danish papers reported that Knud Heinesen, Social Democratic group chairman since October 1979, was thinking of seeking the post of ambassador to Zimbabwe. A few days later it was reported that he wouldn't do that after all.

What happened in those few days? What kind of man is he who asked to be removed from a ministerial position--as finance minister--in 1979 and now once again has a desire to try something entirely new? And allows himself to be prevented from doing so "because someone thought I should do something else"?

It is said that one of the bright spots on any government's calendar is the day Folketing goes home. Then the ministers can smile at each other in the certainty that for a few months they will be free of direct confrontations with an obstinate opposition. That's the way it used to be, but that was before there was a Ministry of Energy and "someone," widely suspected of being the prime minister, would be crazy to let Knud Heinesen leave the country, the man who is presently one of the few moral guarantees accepted by outsiders for the government and the Social Democrats and the one who so decidedly "strengthens the function of leadership."

Heinesen doesn't really have anything against serving as a moral guarantee and he would also like to try and live up to it but he takes the many very friendly

remarks about himself with a big pinch of salt and thinks that many of the kind things written about him in the obituaries when he left the post of finance minister were intended to annoy the prime minister and the Social Democrats and that "understandably that does not fascinate me a great deal," as he commented.

Why Things Went So Wrong

We met him a couple of days before he went on vacation while he was cleaning up after the Folketing session. It is easy to talk with Knud Heinesen, he is very open, but it's impossible to get a word in unless he lets you. He just goes on talking until he has said exactly what he wants to and when it comes to being a party soldier, if he were dug up after thousands of years like the Chinese soldiers on exhibit at the Louisiana Museum, he would rise up just as unshakable in his faith in the party as he is today.

In the recently issued periodical with the very original concept of explaining to our descendants how things were in Denmark in 1980, DANMARK NU, edited by Rifbjerg and Gronlykke, National Bank director Erik Hoffmeyer wrote an article that will be read partly because of its delightful brevity. The title is "On Pleasing the Authorities." If one wants to explain why the welfare state has not created satisfied citizens and "if one wants to please those in power, it is best to concentrate on external causes," said Hoffmeyer.

To this Heinesen said with a hearty laugh that he agreed with Hoffmeyer that some of the problems are self-created and that it can be said briefly that in 1973 when the oil crisis came we did not have the fiber to meet the economic crisis because even then, when times were still good, we had worked up a sizable debt and thus taken on repayment obligations. It is as true of a society as it is of a family, the best-equipped for a crisis are those who have never lived above their means.

When one asks him why the politicians we have elected to handle our affairs never foresaw something that obvious he replies, and remember that he was educated as an economist himself, that it isn't just us who were unable to do this, it was generally accepted among western economists that our society was crisis-proof.

Is Co-ownership Necessary to Make Workers Happy?

In his description of 1980 his economist colleague Hoffmeyer also wrote that in the last 130 years workers had in a broad sense effectively taken over power in the society and that, wrote Hoffmeyer, before the workers' cost-of-living fund had granted the widely-discussed loan of 100 million kroner to the cooperatives.

Heinesen did not agree with Hoffmeyer. Workers may have acquired considerable political and some economic influence, he said, "and so they should have, I might add" but wage earners have no proprietary rights and thus one cannot say that the workers have taken over power. As a Social Democrat he supports giving workers co-decision rights by making them co-owners. "I don't think you can get people to feel mutual responsibility unless they also have mutual influence. One can't feel responsible for something one is not actually responsible for."

When one tries to explain to him that he is grossly underestimating all of us and thousands of Social Democrats who with very little influence and no ownership rights still work with a sense of our responsibility he says he cannot understand that it is a very surprising idea that people feel more involved and united behind their firm and job the greater the influence they have over what happens there.

Of course he is right about that but when one adds that Gallup polls have shown that people are not all that wild about the Social Democratic Economic Democracy (OD) model, he says, a little unfairly for the first and only time--with regard to the polltakers, that is--that people say a lot of different things depending on how the questions are asked, adding: "But let's assume that they were not very interested--I don't assign great importance to that. People have never been interested in democracy. The general public was not involved in the 1849 constitution and not many people were interested in giving women the right to vote at the beginning of this century. One could cite more examples and admittedly it's not particularly encouraging. On the other hand there is the encouraging feature in the democratic system that if democracy has been expanded and people feel good about it they can't imagine returning to the previous period. I think this is what will happen with OD too."

Happiness Not Politicians' Problem

At May Day celebrations representatives of the workers usually thunder against big capital but haven't the Social Democrats thrown us into the arms of the hated big capital with their big foreign loans?

Heinesen replied that no political conditions whatsoever were connected with the loans obtained from the big international banks by the Danish state.

Without going into oil deals, don't international banks represent big capital?

"Yes, banks are big capital institutions but the problem is different. The basis for preserving our freedom of trade has nothing to do with our lenders. Liquidity on the international loan market is relatively high because the OPEC lands, the oil-producing nations, are not using all of their vast revenues for consumption in their own countries but are putting them back on the market. Our problem is the rising burden of repayment and interest and the prerequisite for preserving our economic and political freedom of action therefore is that we gradually reduce our deficit and our debt."

It's a good thing one doesn't have to conduct a debate with Heinesen in public.

We then talked about the fact that prosperity does not seem to have made us more satisfied and happier. Hoffmeyer feels it has led to an inner vacuum. "It is hardly a coincidence that we have so many poets of emptiness in our generation."

Heinesen said that emptiness is certainly a reality but he rejected the idea that there is no great human joy connected with the progress in well-being we have made in recent generations. "They try to make out that people are dissatisfied but I don't really think they are. For me it is not a question of satisfaction or

well-being"--at the use of this popular term Heinesen looked pained--"but of justice, of equality among people, giving everyone the same opportunities. That is the core of our political philosophy. I think we as politicians are very limited in our ability to solve the problem of satisfaction for other people. When Tage Erlander was asked about this many years ago--by KRISTELIGT DAGBLAD--he looked down at the square in front of the government office building in Stockholm and replied somewhat brutally: 'We can improve material conditions somewhat for the people down there, but happiness is up to them.' By and large I agree with Erlander. A person's feeling of satisfaction does not depend solely on how many material things that person has.

"Our problems are not so much economic--for we are one of the richest nations in the world--as they are political. If all countries could agree on a sensible policy or if private business in this country could live up to its big words about income policy instead of continuing to pay higher wages, a great deal would be gained. What did the savings banks and savings and loan institutions give their employees last time? Not under 16 percent. What did BORSEN give its journalists? Therefore the inequity between wages in the private sector and those paid state employees must now be evened out."

One tells him that private business has burdens to bear, that it is in this sector that money for Denmark has to be earned, that it is the unions, the wage earners who exert pressure to get wages raised in the middle of a contract period.

Heinesen would not place the entire blame on the shoulders of business leaders, for it is obvious that they have problems too, but he pointed out that the Great Belt and the airport also earn money for this country.

Afraid of His Own Temperament

A lot has been said about Knud Heinesen because he is so discreet himself. "An evangelical, always ready with the right passage from scripture," not bad as an outside view but a little narrow even though Heinesen goes to church fairly regularly. "A computer without passion," an "Aladdin" into whose turban the ripe oranges have fallen. Nonsense, most of it. His talent and insight are second to none, no one doubts that, but he is a human being--not a computer--and one with temperament. "So much that I have to hold it in check. It's terrible when it breaks loose. It has only happened a few times during discussions. It wasn't very pleasant for those present and it was extremely unpleasant for me afterwards."

There are few Aladdins in politics. Aside from talent it takes hard work, they say, patience, unlimited patience, reliability and self-reliance. All of which applies to Heinesen.

This sketch ends with vacation. He no longer has a ministerial car at his disposal and has bought a Toyota Starlet that can get 16 km per liter. He has a house by Sejro Bay. There he digs passionately for flints and arrowheads for 6 hours at a time, and since he is alone for the moment he makes his own food, opens up cans. Perhaps he'll also find time to play his old clarinet. This instrument has a fine pianissimo, as Heinesen himself has externally, and a good crescendo, also characteristic of Heinesen. Girls who have danced with him don't forget his

fire and temperament. His only danger, perhaps his salvation, seems to be a tendency, because he has so many opportunities, to abandon something after he has done it long enough. Then he breaks off. He has done this several times in his career, without a safety net. The question is whether "someone" can come up with convincing arguments that will get this conscientious man to do this or that, and we'll probably hear a lot about this in Danish politics in the next few years. Perhaps quite soon, because he is the wise man in the Social Democratic Party, the indispensable one.

P. S. Between the time we held the interview and the day the photograph was taken, Knud Heinesen went to the National Museum with the pieces of flint he had already found on his land to ask if they were of any value. He was very surprised when they told him at the museum that he was breaking the law and could not dig in his own garden. He must obtain a permit to do so from the National Museum and he is waiting for one now.

Biographical Data on Knud Heinesen

Knud Heinesen, born in Kerteminde in 1932, adopted by senior teacher Heine S. Heinesen and his wife. Graduated from secondary school in 1951 and received a degree in political science in 1959. Active in the Christian students' movement, worked on ships going to the Faeroes and to Iceland as a student to earn money. The pay was high because some areas had not yet been cleared of mines. Wanted to go to Rhodesia (oddly enough the Zimbabwe he just turned down now), but stayed home and became director of Roskilde High School in 1962. Left to find something new. Chairman of Radio Council in 1967, remembered for his resistance to any kind of pressure. "The substance of the pressure should be considered, but the pressure itself must be rejected." In 1971, as minister of education, prepared the first draft for elementary school reform and sent the proposal out for a hearing, something quite unusual. Budget minister in 1973. Finance minister 1975-79. Asked permission to leave this honorable post. Since October 1979 he has been chairman of the 69-man Social Democratic Folketing group. And in 1981, 1982, 1983???

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APPOINTMENT FOR INTELLIGENCE POST DIVIDES COALITION

Frankfurt/Main FRANKFURTER ALLGEMEINE in German 15 Jan 81 p 2

[Text] Bonn, 14 January--The now obviously definitive failure of the plan to bring the director of the Federal Intelligence Service (BND), Kinkel, from Pullach to Bonn as coordinator of secret services and as deputy manager of the Chancellor's Office has produced serious irritation in the FDP leadership and further burdened the already strained coalition climate. Even before the final decision, the FDP demonstrated that it was determined to make a countermove in personnel politics and insisted upon having Liefrecht (FDP), the deputy director of the Federal Public Relations Office, remain in this position instead of going to the development ministry as originally planned. In a rather long conversation Wednesday Federal Chancellor Schmidt and Vice Chancellor Genscher spoke definitely concerning Kinkel's future. Genscher at least wanted to come to a decision and also establish that Kinkel's call to Bonn was not his idea.

Accordingly, it is obvious that the resistance to Kinkel's appointment came mainly from the SPD, which thereby wanted to maintain the party political "unity of color" in the ministries and highest government agencies--broken only in the foreign ministry--but probably also was expressing its annoyance over the FDP, which in their eyes had retained too much influence within the Federal Government after its election success. Apparently there are still other reasons for the probable failure of the plan. It is said that Lahnstein, whose deputy Kinkel would have become, was initially left out.

There is also talk of difficulties with the civil service law. In order to maintain his position, Kinkel would have had to enter the chancellor's office as government director with prominent rank in a B-10 status. Such a position could be created only by transferring Liebrecht's position in the Federal Press and Information Office into the Chancellor's Office.

But now the FDP is insisting on keeping the incumbent of this position, Liebrecht, in the Federal Press and Information Office. He would then continue to be deputy office chief there instead of the SPD-man Vogel. It is said that Liebrecht too would now like to remain at this post. In the development ministry he would have been paid one step lower. Essentially the FDP has two arguments for this demand: First, Liebrecht's B-10 position in the Chancellor's Office will no longer be needed if Kinkel doesn't come. Second, when the SPD claims that the top group in the Press Office is now too "FDP-heavy," because working under independent government speaker Becker are both his deputy, FDP-man Ruehl, and the deputy FDP office chief Liebrecht, then this charge must go to the federal chancellor.

The week-long vacillation about Kinkel's appointment is not just an annoyance in the FDP. Suffering in the affair is the present chief of the Federal Office for Protection of the Constitution, Meier, who, it is said, had already had instructions to go to Pullach as Kinkel's replacement. Meier had been at BND once already.

In coalition politics, whichever way the final decision goes, the Kinkel affair is less a cause for the persistent worsening of the climate between the government parties than a symptom of it. Beginning with the October 5 election, when the FDP contrary to the SPD gained significantly more votes, through the coalition negotiations, to date friction has continually developed. The SPD charges the FDP with throwing its weight around in the government, above all in its statements on the issues, while the FDP chalks up to the SPD continual attempts--and now in the politics of staffing as well--to "touch up" the coalition agreements to suit itself. The FDP believes that after his return the chancellor must now show to what degree he can assert himself in his party and in the Bundestag fraction. Of course in order to counter the SPD statements, perceived as annoying, the FDP emphasizes demonstratively that it is holding to the coalition as long as it stays within the agreements that serve as basis for the Federal Chancellor's government statement.

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## POLL SHOWS INCREASED POPULAR SUPPORT OF BUNDESWEHR

Frankfurt/Main FRANKFURTER ALLGEMEINE in German 17 Jan 81 p 5

[Text] Frankfurt, 16 January--The image of the Bundeswehr has improved. Almost half (47 percent) of those questioned in November and December expressed a favorable opinion of the Bundeswehr, according to the Allensbach Demoscopic Institute. Only 16 percent had an unfavorable opinion. A solid quarter (27 percent) answered the question: "Do you have a favorable or unfavorable opinion of the Bundeswehr?" indeterminately. One out of ten failed to respond. In 1964, when the Allensbach Demoscopic Institute first asked this question, and also in 1969 and 1971, only one-third of the population expressed a favorable opinion of the Bundeswehr.

According to the results of the Godesberg Infas-Institute, the Bundeswehr was able to record an impressive increase in trust from 1979 to 1980. Each summer Infas asks a representative cross-section of the population whether or not it had confidence in certain institutions and organizations. In August, 1980, 78 percent had confidence in the Bundeswehr and only 17 percent did not. This 17 percent is practically identical with the 16 percent which according to the Allensbach results have an unfavorable opinion of the Bundeswehr. In the confidence index the Bundeswehr ranked ahead of the judiciary, the church, the mass media and the universities.

Also favorable for the Bundeswehr was an October opinion poll by the Mannheim Election Research Group and the Offenbach Marplan-Institute conducted for the Second German Television Program. In response to the question: "How would you describe your attitude toward the Bundeswehr." Another 22.2 percent went so far as to approve of the Bundeswehr on principle and without reservation. About an equal number (23.4 percent) considered the Bundeswehr a necessary evil. Only 4.5 percent rejected it on principle, and 6.5 percent indicated indifference.

The Allensbach Institute warns nevertheless against being content with these favorable averages. Specifically, the answers of those questioned between 16 and 29 years of age showed clear reservations in comparison to other age groups. Only one out of three was positive about the Bundeswehr, and almost as high a percentage (29 percent) was negative. Meanwhile the Mannheim results showed no such sharp differences by age groups. That doubtless has to do with the stronger differentiation in the choice of answers. A third of those polled 29 and under answered the Mannheim poll that they considered the Bundeswehr a necessary evel. But only 5.9 percent of the younger group rejected it categorically.

The younger age groups were also more cautious in answering the question whether the Bundeswehr should on special occasions publicly swear in recruits. Forty-five percent

of the total population favored a public swearing-in, according to the Allensbach figures, and 38 percent are for a swearing-in in the barracks. For the 16- to 29-year-old respondents the opinions were distributed in exactly the opposite relationship.

In this matter the Mannheim Election Research Group also established--because of the different formulation of question?--in part even more positive results for the Bundeswehr. Its question read: "Not so long ago there was a lot of talk in the public about maintaining tradition in the Bundeswehr. I will read you some choices..."

Fifty-eight percent characterized public swearing-in as good, 39 percent as bad. Two-thirds (64.3 percent) went so far as to approve the Great Taps, and only one-third disapproved. Those questioned aged 25 to 29 were most critical in the Mannheim poll: Fifty-five percent of them considered public swearing-in bad.

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TASKS FACING NEW WEST BERLIN MAYOR VOGEL

Hamburg DER SPIEGEL in German 26 Jan 81 pp 25-30

[Article: "'A Savior in Need'--A Clear Victory by Social Democrat Hans-Jochen Vogel"]

[Excerpts] What is so impressive about the man from Bonn who with his serious face and sloping shoulders in his appearances in Berlin looked more like a plucked politician than like a guarantee for the future? Will the much-praised Social Democrat with the unmistakable Bavarian accent be able to turn things around in Berlin?

End of last week the parties in the Senat just about agreed to have new elections on 17 June. So now Vogel and his senators will have only 5 months in which to do away with the citizens' displeasure at the SPD and the FDP throughout the city.

The fact that he gave up his ministerial post in Bonn to take over the Berlin "Ascension command"--as former Berlin chief Klaus Schuetz once described the office of governing mayor--is already standing him in good stead among the Berliners, but a number of objective factors are also in his favor.

No other Social Democrat except onetime Berlin city head Willy Brandt has had so much experience in municipal politics and moreover in national politics as he has had. In Bonn Vogel was counted among the ministers with the longest tenure, and in the 4,444 days in office as chief mayor of Munich (1960 to 1972) he developed into the most competent and popular municipal politician of his party.

It is precisely his experience in Munich that Vogel can not put to use in Berlin. At the SPD congress which preceded his election last week, he immediately emphasized the subjects with whose overdue refurbishment the Social Democrats might be most likely to shape an image for themselves again in the coming election campaign--youth, construction and housing.

Vogel in Berlin:

"If we had a law governing the use of land that does not treat land as merchandise capable of bineg increased at will but as a fundamental need,

"decisive points of crystallization for the latently existing readiness to apply force woudl fall by the wayside;

"hence there is more prevention and a greater warding off of danger in the overcoming of this concrete bad state of affairs than in the action of police and the courts, however energetic."

Here someone clearly was showing the "red flag," said a pleased party delegate in Berlin--and in the enthusiasm of the hour many a comrade failed to realize that savior Vogel had not only be a success in Munich (as head of the municipality) but also a failure (as head of the party).

"Today's Vogel is a bird [Vogel means bird in German] of a different feather," according to veteran Berlin socialist and former senator for building Harry Ristock. And even former Bavarian Young Socialist chief Rudolf Schoefberger, who 10 years ago regarded Vogel as "another Franz Josef," is now convinced that his political conversion is "deepgoing and lasting."

Without compromising his ties with the SPD right, Vogel has moved closer to his leftist antagonists' positions (which likewise have become more moderate) in platform discussions about land, peace and development policy.

"Hans Vogel today cannot be counted among either the leftwing or the rightwing," says a Bonn deputy; "he now belongs to the torso of the party." And such classification, the Social Democratic crisis managers figured, also makes Vogel the downright ideal leadership and integration figure for the Berlin SPD, torn by strife between the various wings.

Certain risks cannot be avoided, however. Although the vote in the Chamber of Deputies did not reveal any dissidents this time, the camp mentality so typical of the Berlin SPD has not vanished overnight. Stobbe's unsuccessful strong-man act inflicted long-festering wounds; the deputies include five retired senators and a number of disgruntled comrades.

The rampant bureaucratization will not be able to be eradicated completely in the Vogel era either. New detrimental to the SPD-FDP coalition will increase when the committee appointed last week by parliament to investigate the Garski affair goes into every detail. All this enables Berlin Social Democrats to be only skeptically confident that, if at all, someone like Vogel at best can open up a medium-term perspective.

He knows what should be done. He could reduce bureaucratization by curbing the pushing by senators and leading politicians for board seats in public housing and credit enterprises. In high government posts, not party membership but performance should be the crucial criterion for getting ahead. And the budget could be reformed by thinking over once more the DM 5 billion project of the International Building Exhibition planned for 1984.

His team unquestionably has quality. From Hamburg, Vogel fetched lawyer Frank Dahrendorf, who from 1970 to 1979 has been councilor of state and justice senator there. In September 1979 Dahrendorf had been the only politician to lose his

post in connection with the Stoltzenberg poison scandal, but he was given a clean bill of health by the parliamentary investigative committee. He takes over the office of senator for internal affairs in Berlin.

From Bonn, Vogel imported as many as three senators:

--Gerhard Konow, 51, nonparty department head for internal affairs in the Office of the Federal Chancellor (senator for federal affairs);

--Konard Porzner, 45, financial expert and executive manager of the SPD in the Bundestag (finance);

--Reinhard Ueberhorst, 32, energy expert of the SPD in the Bundestag, who was in charge of the committee inquiring into future nuclear energy policy (senator for environmental affairs).

Anke Brunn, 38, expert on education and deputy head of the SPD in the North Rhine-Westphalian Landtag, counted among the party's leftwing, assumes the post of senator for youth affairs. Guenter Gaus, 51, replaces Peter Glotz, who has gone to Bonn, as senator for science; a former journalist and chief editor of DER SPIEGEL from 1969 to 1973, he became under secretary in 1973 and, in 1974, the first head of the Permanent Representation of the Federal Republic in the GDR.

Olaf Sund, 49, stayed on as senator for social affairs, as did Dieter Sauberzweig, 55, as senator for culture. Peter Ulrich, 52, switched from internal affairs to building, as had already been planned by Stobbe.

The free Democrats stuck with their Senators Rasch (schooling) and Meyer (justice). In place of FDP Chairman Lueders, who had resigned as senator for economics on account of the Garski affair, they sent former European Community Commissioner Guido Brunner into the Senat--the only one who had been selected in the unsuccessful Stobbe reshuffle the week before.

All senators know their field, but that quality will have to take a back seat at first, because, barely after is has been chosen, the Vogel team will have to conduct an election campaign--the reason why, in light of the coming new elections, the CDU likes to use the term "caretaker cabinet."

Apart from this, excellent though the Vogel team looks, the new city government is bound to be shouldering a greater burden than governments in other Laender. The hopes Vogel himself has aroused among both right and left Social Democrats in Berlin already appear exaggerated.

Particularly SPD leftists expect the judicial politician Vogel (Willy Brandt: "In the Schleyer affair he was the liberal conscience of the federal government") to know how to handle extremists, building occupiers and violent demonstrators. On the other hand, rightwing comrades too trust that the former city-planning minister will be able to solve the city housing straits better than any other SPD leader.

Still the largest German city, Berlin lives off subsidies and constantly must remain conscious of the fact that, as Vogel's predecessor Stobbe put it, "the call for aid must not be any stronger than the readiness to perform oneself." As a Berlin professor has calculated, for years a number of enterprises received "more in the way of subsidies" in order to maintain jobs than they "spent in turn in wages and salaries." And all of this, Vogel is supposed to change.

There is the biggest housing shortage in the biggest rental-barracks town in the world, with 80,000 persons registered as searching for an apartment. Social cases which are somebody's fault and those which are nobody's fault are accumulating. Almost every 4th Berliner is a pensioner, every 10th a foreigner. Both domestic and foreign dropouts like to settle on the Spree and are enriching the Berlin counterculturist and "off" scene. There are now innumerable users of hash and coke and about 6,000 heroin addicts. In 1979, 79 killed themselves, last year 51.

So the new governing mayor has no choice but to dampen expectations. From his chief mayor's times he knows that the crisis phenomena in Western cities, from a housing shortage to the drug problem to foreigners' ghettos, are rooted in social causes no munipal politician can eliminate--not even "Jochen Superstar," as DIE WELT called him.

As early as about 10 years ago, in his Munich book "Die Amtskette" [The Office Chain], Vogel in fact quoted the opinion of U.S. urban researchers that in the current overal political situation it simply was impossible to cure the worldwide "urban crisis": "Under the present rules of the game no mayor of any central city can win."

There has been no change in the rules of the game since.

8790
CSO: 3103

## CSU JOURNAL PREVIEWS COMMUNAL ELECTIONS IN HESSE

Munich BAYERNKURIER in German 10 Jan 81 p 4

[Article by Dieter Weirich, Bundestag member: "First Opinion Test After 5 October"]

[Text] Contestants in Hesse's election are finding no rest. While the populace is feeling the disastrous effects of the victory by the SPD/FDP coalition in the Bundestag election of 5 October 1980, Hesse's parties are already arming for the campaign for the communal elections on 22 March of this year. Hesse's CDU--once apparently the party condemned to eternal opposition in the "Land of red parades"--has become the strongest political power in the Land, not only in Land politics but in communal politics as well. In the last communal elections on 20 March 1977, it achieved triumphs that were thought impossible. In all cities in Hesse which comprise administrative districts, with the exception of Kassel, it has an absolute or relative majority. In the former "red citadel" Frankfurt it passed the 50-percent barrier, as it did in the Land capital Wiesbaden. In two-thirds of all the districts in the Land, the Union is governing, although this is in coalitions with the Free Democrats or the Free Voters Communities. Alfred Dregger, CDU Land chairman for Hesse, was himself obviously surprised on election night: "The Lord's mercy knows no bounds."

The communal elections at that time took place in an environment extremely favorable to the Union. The chancellor's pension fraud after the Bundestag elections of 1976 was dominating the headlines, scandals and affairs involving the SPD politicians Albert Osswald and Rudi Arndt were still stirring up emotions, and many citizens in the communes wanted to throw open the windows in the stuffy "red city halls" with their vote and give a chance to the fresh wind that was the Union's election slogan. The nomination of prominent Bundestag and Land politicians, such as Dr Walter Wellmann and Manfred Kanther in Frankfurt and Wiesbaden, made clear the personal alternatives to worn out top-ranking comrades occupying the lord mayor's seat.

### Political Spring

Will the Union be able to defend the lofty pedestal where it started and further retain responsibility for government in the communes? The chances for a "second political spring" for the Union are not bad, for the political environment after

the oaths of disclosure following the Bundestag election is as favorable as it was in 1976. In Land politics, the authority of Minister-President and Land Chairman Boerner is crumbling in almost dramatic fashion in the face of the heated argument about energy policy and the expansion of Frankfurt Airport. In most cities and communities the Union has demonstrated that the changing of the guard has agreed with the community. "It will not be easy to reach the high level of 1976, but we are optimistic," said the hardworking CDU secretary general and Land deputy, Manfred Kanther, who prepared the election campaign optimally. The rank and file of the Land party, accustomed to success, shows hardly any signs of exhaustion or wear, in spite of the exertions in the struggle for Bonn.

When the Union wants to make clear to the citizen how well communal responsibility in CDU hands agrees with the community, it likes to point to the example of Frankfurt. Here, Dr Walter Wallmann, deputy CDU Land chairman and former parliamentary director of the CDU/CSU Bundestag fraction, can show an impressive balance sheet of successes. This clever politician has at the same time pursued a careful course of rapprochement with the FDP. The liberals in the metropolis on the Main, who are living up with their top candidates, Parliamentary Secretary in the Ministry of the Interior and District Chairman Andreas von Schoeler and Minister for Economics Hein-Herbert Karry, have left the question of a coalition open. The FDP fraction leader in the municipal delegates assembly, Inge Sollwedel, who wanted to force through a statement on coalition in favor of the SPD and failed, dropped her candidacy for parliament in protest. It can be assumed that Karry would like to see Wallmann continue as head of the "Roemer" [Frankfurt city council], but there are strong forces in the party and life that favor an alliance on the model of Bonn and Wiesbaden. The SPD has nominated Mayor Martin Berg--a pale, almost introverted politician--as its candidate for lord mayor: a stopgap solution which blocked the wishes of the much more colorful former Lord Mayor Rudi Arndt, who is hardly presentable due to the scandals surrounding him. In the Wallmann-Berg duel the popularity of the incumbent, who is playing his advantage [illegible] The Union's aspirations of clearly remaining the strongest force in Frankfurt are therefore justified.

In Wiesbaden, the CDU [illegible] coalition has made people forget the Union's past squabbles by carrying out his office purposefully. For this reason the confrontation is being approached with confidence. In Offenbach, where the Union carried off a spectacular triumph last time, there is hope for the confirmation of the CDU/FDP coalition, which a few years ago elected the previous city manager of Lehrte, Dr Walter Suermann, to be the new lord mayor. The alliance is to be continued even after the election. In Giessen the Union has to defend its absolute majority with its Lord Mayor Clement. In 1977 the Christian Democrats had celebrated a dizzying victory in view of the "lunacy on the Lahn"--the city merger of Giessen and Wetzlar attempted by the SPD/FDP coalition. When the communal miscarriage had been removed, and post-elections were on the agenda 1 and 1/2 years later, the voters in Giessen showed their thanks to the saviors of their independence with a renewed majority. This is not the case in Wetzlar, where this time the Union, as in Hanau, has to make good its mistake. In the city of silversmiths only a single seat separates the CDU and the SPD in parliament. In school principal Helmut Kahn the latter has offered an attractive personal alternative to oppose the presiding [illegible] Kanther.

In Darmstadt a CDU/FDP coalition has to retain its position of responsibility. Since Lord Mayor Winfried Sabais wants to leave his post immediately after the election, the CDU has a real opportunity to expand the circle of its city leaders. An interesting duel for the highest communal office is developing in the southern Hesse city. The CDU has nominated the cultural-political speaker of its Landtag party, Heinrich Lauterbach, as candidate for lord mayor, the SPD, after a long inner-party struggle, has decided in favor of the former deputy chairman of the SPD Bundestag party, lawyer Guenther Metzgers, a confidant of the chancellor and the leader of a circle of more moderate Social Democrats.

A change of power in Kassel would have the effect of a signal for northern Hesse--the problem area for the CDU. Here, the SPD gained the absolute number of seats the last time by the slimmest possible edge. It appears doubtful if this bare margin will be enough in future. The SPD has even stirred up its own sympathizers in the population against it with radical plans to change the school system; there is a deep division running through the "cooperative," in which the extreme left wing, supported mainly by the comprehensive university, has the power, and the signs of wear in the governing party are unmistakeable. Lothar Haase, CDU member of the Bundestag from Kassel, said: "The SPD in Kassel is no longer the party of the little man. More and more citizens are recognizing that a change of office in city hall will bring a turn for the better." The man who is principally expected to bring about this political change is candidate for lord mayor Jochen Lengemann, by trade vice-president of the Landtag in Hesse.

A special eye must be kept on those districts in the Land where the Union is governing with the FDP and wants to continue their proven cooperation. This is true, for example, in the Darmstadt-Dieburg and Wetterau districts. The two Land councillors Kappes and Muench expect confirmation of the strong CDU position there and of the alliance as well. In the Mainz-Kinzig district, where Land Councillor Rueger heads the district administration, the FDP is again ready for a coalition, in the event that it is returned to parliament.

Until 1977 there had been a coalition with the FDP. In three mid-Hesse districts the Union must win again in an alliance with the Free Voters.

9581
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SPD CONTINUES DEBATE WITHIN PARTY ON COUNTERARMING

Frankfurt/Main FRANKFURTER ALLGEMEINE in German 19 Jan 81 p 3

[Article datelined Bonn, 18 January, by C.G.: "The SPD Argues About NATO's Counterarming Decision--The Berlin Party Congress and SALT II/Ideas of the Leftists"]

[Text] With the start of Bundestag sessions this week, the SPD is renewing discussions about NATO's twofold decision of 1979 which linked an offer for negotiations to the USSR with a decision for Western medium-range counterarming, to be effective in 1983. During the weekend, the chairman of the SPD fraction's foreign policy working group, Corterien said that it is not inconceivable that a delay in the ratification of the SALT II agreement on strategic arms limitation could have an impact on the counterarming decision. However, Corterier pointed out that incoming U.S. President Reagan and his secretary of state, Haig, had firmly expressed their determination to continue the SALT process. "That includes negotiations on medium-range nuclear weapons."

In Bonn, Bundestag Vice-President Renger and Corterier countered renewed SPD criticism of the NATO counterarming decision by stating that in the first place, the SALT agreement was being adhered to as if it had been ratified, though this was not the case; and secondly, that while the 1979 Berlin SPD Party Congress had been in favor of ratifying the treaty, it had not made it a precondition for the twofold NATO decision. For that reason, they said, the SPD was in no position to deny its agreement with NATO's decision after the fact. The Social Democrats' security policy, they said, is "detente and military parity," rather than "detente instead of military parity."

Corterier affirmed that a delay in establishing Western medium-range weapons in Europe pending future successful SALT negotiations was not in conformance with party congress resolutions. If the SPD were to criticize the NATO decision at this stage, this would impair Bonn's credibility with the American leadership for its desire to adhere to the entire package, i.e., to include negotiations with the USSR. Should the SPD place itself in opposition to Washington on this problem, this would seriously impair the possibility of influencing United States policy on such subjects as the Third World. Renewed debate on the NATO decision, should one take place, would have to include the replacement weapons for the Soviet SS-20 missiles. Corterier expressed the hope that the United States would continue its basic policy of negotiations and that it would be willing also to continue the Geneva missile talks with the Soviet Union, which had followed Schmidt's Moscow visit. Left-wing Social Democrats such as Voigt, the parliamentary group's chairman of the Bundestag Foreign Policy Committee, consider it unrealistic to argue that the USSR had caused the change in the condition

of the negotiations. Furthermore, he disagrees with the opinion of those who claim that the 1979 party congress resolutions conform with the actions of the govenment and with the trends within the alliance. In Voigt's opinion, the Social Democrats' position that arms control negotiations have political primacy has found no reflection in NATO concepts. In this regard, he says, there is "a lot of convincing yet to be done within the FRG and the alliance." This conflict, he continues, between SPD concepts and the U.S. position--which is willing to conduct continuing arms control negotiations but gives preference to defense policy--would have to be debated. "If there is to be no discussion of this, there will be an estrangement between the government and the Social Democrat voters and the base."

Voigt wants to initiate a debate within the SPD as to what goals must be maintained for security policy and what compromises might be considered. To him, a discussion of counterarming, neutron weapons and chemical warfare weapons by "the entire left," outside the parliament as well, is mandatory. Voigt has discussed this also with the Offenbach "Socialist Bureau," a left-wing socialist group. Voigt is challenging Corterier and Mrs Renger to a debate within the SPD fraction concerning "a stock-taking and the impact of worsening overall conditions of Social Democratic politics." The "coalition factor must not be excluded" from such a debate. Despite the negative consequences of such a counterarming debate for the Bonn coalition, this is the time, he says, to try to influence opinions being formed in the new Washington administration. The agenda should include the following possibilities: first, a demand that NATO's weapons emplacement decision be rescinded; secondly, not to pronounce this demand publicly for the sake of the coalition; or third, to propose a delay in stationing missiles in Western Europe until such time as Washington negotiates with Moscow on a new SALT agreement.

According to Voigt, he has already discussed debate strategy with other left-wing Social Democrats without coming to an agreement on all points with those whose exclusive goal is rescission of the Brussels decision. Estimates made by the Bonn SPD fraction indicate the possibility that about 50 of the lately 70 left-wing members out of the total number of 228 deputies in the fraction (including those from Berlin) would vote against the government's approval of the NATO twofold decision.

9273
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## WISCHNEWSKI ON SPD PROBLEMS, ARMS SALES TO SAUDI ARABIA

Frankfurt/Main FRANKFURTER ALLGEMEINE in German 8 Jan 81 p 2

[Interview with Hans-Juergen Wischnewski, Deputy Chairman of the SPD, on 7 January 1981 in Bonn: "Don't Blame the FDP for Everything" /Wischnewski rejects SPD criticism of the coalition's negotiations./ [in boldface]]

[Text] C.G. Bonn, 7 January--On Wednesday in Bonn following the Christmas recess, Wischnewski, deputy chairman of the SPD, gave his views on problems that the SPD finds difficult to deal with: considerations regarding West German arms deliveries to Saudi Arabia and the intra-party document criticizing the coalition negotiations. Wischnewski sought to dispel the impression that Wehner, the fraction chairman, was gradually withdrawing from his posts. It is no sensation that Wehner gave up chairmanship of the party committee for social policy; most of the work of this committee has already been completed. Also, there is an additional committee for social policy led by Minister Ehrenberg at the party headquarters. Wehner retains chairmanship of the committee for organizational policies and thus continues to conduct his work in the party headquarters at the Ollenhauer-Haus in Bonn.

Wischnewski took exception to the SPD paper "written by some fraction member" about the coalition negotiations stating that it is not proper to blame the FDP for something which in reality was the result of the force of circumstances. Indeed, economy measures could not make any Social Democrat enthusiastic. One should keep in mind, however, that the SPD was able to prevent reductions in social expenditures. The conflict surrounding codetermination in the coal, iron and steel industries ended with an "improvement": In the coming years plants cannot "drop out" of codetermination as they have done until now. Wischnewski reproached the critical SPD politicians: Even an absolute SPD majority would not have prevented pressures for economizing. "Even the SPD by itself would have had to make unpleasant decisions."

As examples Wischnewski cited changes in the taxation of savings institutions and the cutting of research funding. "One can't blame everything unpleasant on the FDP." Wischnewski, meanwhile, wanted it understood that the warning from FDP Chairman Genscher about meddling in the coalition was an admonishment to both sides and not solely to the Social Democrats. Wischnewski said that he learned about the SPD document only from the newspapers, "for it is not usual for the papers of just any fraction member to be forwarded to the executive bodies of the party."

After the SPD leftwinger, Gansel, had urgently advised against the sale of arms to Saudi Arabia, Wischnewski pointed out that no body of the Federal government had made a decision on the long-known desire of Saudi Arabia to obtain arms from the FRG. Further, there is no request pending for a decision. The Saudi desire has recently "become more concrete." In the event a decision becomes necessary, there are many aspects to be carefully considered: The resolutions adopted at the SPD party congress against arms exports to countries outside of NATO. Further, the guidelines adopted by the government itself. So it remains to be clarified whether Saudi Arabia has to be considered an area of tension, to which no arms are to be delivered. It must be remembered that Saudi Arabia is a friendly country: "The FRG, too, has an interest in the security of Saudi Arabia." Also, the security of Israel has to be considered. Saudi Arabia is an important export partner: In 1980 exports to Saudi Arabia were worth more than 4 billion marks. Above all Saudi Arabia was a significant source of oil. In 1980 the Saudi share of the total oil import of the FRG rose to 29 percent.

/"1981--A year of SPD Party Work"/ [in boldface]

Wischnewski made it clear that he attributes a great significance to the effects of a decision by Bonn regarding arms sales on the other trade relations with Saudi Arabia--German exports and Saudi oil shipments. The SPD, too, must consider the fact that France and England treated arms sales with far less restraint. Saudi Arabia could, therefore, give preference to these countries in awarding civil contracts. "That is cause for worry."

Wischnewski described it as his personal view, not wanting to anticipate the judgment of the foreign ministry, that Saudi Arabia does not fall under the concept of an area of tension. In contrast to Israel's neighbors Saudi Arabia is not directly involved in the Middle East tensions. The concept of area of tension must be constantly reviewed. "Until now we have had a restrictive policy on arms exports." If arms sales--the Leopard II tank is under consideration--to Saudi Arabia were to come about, "a serious breach in the principle of restrictiveness would ensue." Still, in the interest of the FRG every point must be examined thoroughly and the matter discussed in depth with the United States.

Wischnewski characterized 1981 as a year of party activity. The SPD will be concerned with the reform of the EC agricultural market regulations, especially after the presidential election in France. The humanizing of the labor environment, ecology, and world hunger would continue to stand at the center of Social Democratic interests. In this connection, a correlation between disarmament and development policies has to be solidified. The equality of women and housing construction are additional items on the program. The SPD wants especially to devote itself to its own organization in the par branches. Wischnewski confirmed that Glotz, the new SPD federal secretary will office on 15 February. At the end of January the party leadership will decide the replacement of Schwartz, the departing spokesman for the party executive. lement, deputy editor-in-chief of the WESTFAELISCHE RUNDSCHAU, has been mentioned as his successor. The economy measures of the SPD, according to Wischnewski's statements, have had the effect of reducing by 68 the number of workers at the Ollenhauer-Haus since 5 January 1981.

9728
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# NUMBER OF UNEMPLOYED PASSES ONE MILLION MARK

## Unemployment Figures

Frankfurt/Main FRANKFURTER ALLGEMEINE in German 8 Jan 81 pp 1, 2

[Article datelined Frankfurt, 7 January by Sch: "Again More Than a Million Unemployed: Unemployment Up by 15.5 Percent Now Standing at 4.8 Percent But Employment Up Also"]

[Text] At year's end, the number of unemployed again passed the million mark. At the end of December, employment offices in the FRG reported 1,118,500 unemployed; this was 150,800, or 15.5 percent, more than in November. The rate of unemployment, which measures the relationship of unemployed to the total number of wage earners, had thereby increased from 4.2 to 4.8 percent.

When the new figures were presented at Nuernberg, Federal Labor Institute President Stingl explained the above-average increase primarily in terms of the overall economic decline which has recently exerted a mounting influence on the labor market also. Without consideration of seasonal influences, said Stingl, unemployment has been on the rise since last fall. The weather, to be sure, has influenced development of the labor market particularly unfavorably. The loss of 8 million work days in December was almost twice as high as the long-run December average.

A comparison with previous years also shows how much unemployment had increased by year's end. In absolute numbers, an increase of comparable magnitude was registered for December only in the years 1966, 1973 and 1974. At the end of December, the number of unemployed exceeded the preceding year's figure by 251,500, or 29 percent. Yet, with 888,900 unemployed, average unemployment for 1980 as a whole is only minimally above that of the preceding year (876,000), a fact which is attributable to the relatively small number of unemployed at the beginning of the year. The Nuernberg administrative authorities point out, moreover, that in spite of steadily rising unemployment, total employment increased in 1980. According to computations of the Federal Institute, the average number of wage earners in 1980 rose by a good 150,000, or close to one percent.

According to data released by the Federal Institute, the considerable rise in unemployment in December is primarily the result of considerable accessions and less, on the other hand, of employment offices dragging their feet. In the month reported on, 312,100 persons registered with the employment offices as newly employed, almost 100,000 more than the year before. But the number of job openings filled was, at 82,200 also clearly lower (minus 12 percent) than in December 1979. At the end of December 1980, job offerings numbered 226,100, 8.2 percent lower than the preceding

month and 15.7 percent fewer than the year before. But job openings were still more numerous than at the same time in 1974 or 1975.

In spite of many holidays, considerably more firms were forced in December to propose reduced work weeks. In mid-December, 4,000 firms were on a short work week, 1,000 more than the month before. During the same time, the number of workers on part-time work rose by 35 percent to 357,100.

Registration at employment offices lead to the conclusion that part-time work will increase further in January. mid-December, also the most part-time workers were employed in the automobile indus (68,300). Part-time work also reached considerable porportions in metal produc on (40,800), in the electrical engineering industries (40,400) and in machine building (34,500).

The rise in youth unemployment was also above average. At the end of December, the number of unemployed youths below 20 stood at 92,700, thereby exceeding the preceding year's level by 33 percent. The 1980 average came to 72,800, 2.5 percent higher than the year before. Since the spring of 1980, the youth unemployment percentage has thus been rising at a higher rate than unemployment as a whole. According to data from the Federal Institute, youth unemployment is particularly strongly affected by business cycle fluctuations. To this must be added that because of highbirthrate years, the number of youths entering the labor force will rise disproportionately in the near future.

## Reaction of Politicians

Frankfurt/Main FRANKFURTER ALLGEMEINE in German 8 Jan 81 p 2

[Article datelined Bonn, 7 January by Ho: "Different Reverberations from Bonn"]

[Text] The most recent unemployment figures have evoked different reverberations in Bonn. While the opposition placed the blame for the increase in unemployment exclusively on the shoulders of the coalition, SPD economic policymaker Roth called on the federal government and the federal bank to act. The federal bank, so says Roth, must first of all stop its "tough, one-sided course of domestic economic restrictiveness." A "change of course" in monetary policy is long overdue, and not merely in the interest of the close to 1.12 million unemployed. As a first step, the federal bank must now take advantage of any opportunity that might arise to reduce interest rates. Corresponding measures on the part of the public sector must then build on this, in support of employment. Here Roth thinks among other things of supporting investments for energy conservation (primarily in the private sector), investments for the development of alternate energy sources as well as general support of residential construction. If the federal government and the federal bank continue to preach frugality in its economic policy, mass unemployment similar to that in England would be inevitable in the FRG as well. Not much time is left for speedy action and a change of course. Cronenburg, deputy chairman of the FDP parliamentary group, countered with a completely different recipe: Instead of making new debts, market forces must be urgently freed. This is especially true for residential construction and the construction of all kinds of power stations. Therein lies an investment potential in the magnitude of billions. With it, countless new job openings could be created.

9011
CSO: 3103

POLL ON ATTITUDES TOWARDS FOREIGNERS IN FRG

Bonn DIE WELT in German 15 Jan 81

[Article by Heinz Vielain: Greeks Are the Most Liked in Germany]

[Text] Only 44 percent of the population are of the opinion that the problem of foreigners in the FRG could be solved through more tolerance. An almost equally large group--43 percent--fears difficult conflicts in the future if the proportion of foreigners increases further by bringing guest workers families over and by births.

These are the findings of opinion polls conducted by Emnid institute. An analysis of the situation that is now being studied in Bonn contains the alarming point that there are after all 4 million FRG citizens who do not see any posibility of living together with the guest workers from various countries.

Turks are the least liked by the population. Some 36 percent, especially the youth, reject them. Greeks are the most liked. Only 4 percent of German citizens have special reservations against them. Only 5 percent have negative feelings towards Yugoslavs and Portuguese, 18 percent towards Moroccans, Tunisians and other North Africans and 8 percent towards Spaniards. With 12 percent against them, Italians are considered especially unpleasant.

Right to Demonstrate

Some 47 percent of the population are against foreigners having the right to demonstrate in the FRG. Only 34 percent want to grant guest workers the same rights as their fellow Germans; 19 percent expressed indifference to this question. According to observations of the researchers, the younger generation in particular concedes that foreigners have the right to demonstrate. It is noteworthy that 44 percent of union members too are against demonstrations by guest workers.

School Problems

Almost two-thirds of the FRG citizens (63 percent) want German and foreign children to go to the same schools. Thirty-five percent, however, want separate schools to be established for the children of guest workers. The younger FRG citizens in particular are for common schools. Especially Hessen (50 percent), Rheinland-Pfalz and Saarland (46 percent each) are for separate schools for the children of foreigners.

Crime

Forty-five percent of the population have the widely held idea that guest workers come into conflict with the law more often than Germans. A majority of 53 percent, however, has the view that the foreigners living in the FRG do not have a greater inclination towards crime than do the Germans.

9232
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PROBLEMS IN INTEGRATING, EDUCATING CHILDREN OF FOREIGNERS

Frankfurt/Main FRANKFURTER ALLGEMEINE in German 10 Jan 81 p 3

[Article datelined Frankfurt, 9 January, by Reu: "Excessive Demands Placed on Children of Foreigners in the FRG": 'Newcomers' Have a Difficult Time/Many Do Not Attend School"]

[Text] According to the Federal Institute for Vocational Training, only school-age children of foreigners just arriving in the FRG or those who already have completed their schooling constitute the "problem group." Of course the proportion of these "newcomers" and late-comers" among the foreign youths in the 15- to 25-year age group exceeds 90 percent. A representative poll taken by the Federal Institute for Vocational Training and the European Center for the Promotion of Vocational Training disclosed that only half the children of foreigners in the FRG are attending any public school. And almost half of this half (45 percent) admitted to being dropouts.

Only 4 percent of the children of the "first generation" of foreign workers who arrived before 1973 and have since settled permanently were born in the FRG. Whether born here or abroad, for statistical purposes these children consitute the second generation. Of these, 38 percent have since married. Their children are considered to be the third generation, most of whom grow up in Germany. Only 12 percent of second-generation foreigners with children raise them in their former homeland.

The poll reveals that young foreigners differ greatly from each other depending on the quality of education which they have acquired in their country of origin, or here, and on their willingness to integrate and the degree of integration achieved. Thirty percent of the young foreigners said they wished to return home, and an equal percentage said they wished to remain in the FRG. The remaining were undecided. Most numerous among those who wished to return home were Spaniards (39 percent) and Greeks (37 percent); the lowest percentage were among Yugoslavs (21 percent) and Turks (27 percent).

Of course, integration is by far the easiest for Yugoslavs. Turks like to live in the close vicinity of their own countrymen, while the Yugoslavs are much more willing to become integrated in their German environment as indicated by their higher educational level and occupational status acquired in the FRG. The number of children born here is also an indicator of their readiness to integrate. Eighty-six percent of young Yugoslavs who marry here also have children; only 40 percent of the Greeks do.

Very High Proportion of Turks

The largest group of foreigners is made up of those who find integration most difficult, yet do not want to return home. According to statistics from the culture ministers' conference, during the 1979/80 school year almost 630,000 young foreigners attended school in the FRG including West Berlin. Almost half of them (45.7 percent) were Turks. Among youths who do not attend school here, the proportion of Turks is especially high.

Eight percent of the young foreigners polled were unemployed. Of these, 40 percent were unable to find employment since leaving school or upon arrival in the FRG. Acquisition of a vocational skill depends on the amount of schooling received; in turn, finding a job depends largely on the acquisition of a vocational skill. However, the opportunity to find skilled work for foreigners of the second generation who dropped out of school and failed to acquire an education is not only poorer in Germany but also, unlike their parents, they have no vocational skills to fall back on in their country of origin. This reduces the practicality and willingness of these young people to return home.

Young foreigners come to the FRG frequently with too high expectations. According to the study conducted by the Federal Institute, their expectations do not correspond to their hitherto acquired status. As in the case of German high school graduates, the vocational aspirations of young foreigners aim at but a few occupations: Young males want to become electricians (26 percent), auto mechanics (24 percent), and radio and TV repairmen (17 percent). Compared to their parents, the youths who want to remain in the FRG place greater emphasis on acquiring higher vocational qualifications to better themselves. But the young unemployed are also willing to relocate: They exhibit great interest in vocational advancement; a third of them are willing to accept jobs that are more than 30 kilometers away from their place of residence.

8664
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## FRG TO ESTABLISH RESEARCH STATION IN ANTARCTICA

Hamburg DIE ZEIT in German 2 Jan 81 p 44

[Article by Horst Guentheroth: "Two Pipes in the Eternal Ice"]

[Text] When it is mid-winter in this country, summer, a warm period of the year at minus 30 degrees Celsius, begins at the South Pole. German scientists and engineers want to use this 'mild climate' of the almost completely glacier-covered sixth continent for new research.

The FRG has wanted to undertake scientific research in the "Refrigerator of the World" for the past 2 years. On 5 February 1979 it became an associate member of the Antarctic Treaty, which meanwhile has been signed by 18 nations. And the FRG is not miserly: in order to finance its research program on the frozen continent, the Federal Ministry for Research and Technology wishes to set aside at least DM 250 million by 1983.

During the last southern summer an expedition scouted the site for a German research station in the eternal ice. At that time the polar travelers chose as a suitable site a location west of the Berkner Isles on the Filchner-Ronne Ice Shelf, a glacier table that is almost one-half million square kilometers in size.

### Underway Since November

During this Antarctic summer another German expedition is traveling to the southern tip of the world. The group of over 100 scientists and engineers will erect the prefabricated research station, built at a cost of DM 20 million, at the chosen site and at the same time begin their research mission. Building components and equipment have been in transit aboard a convoy of ships since 25 November. Meanwhile the crew is scheduled to fly to the Uruguayan capital, Montevideo, and there board ship. The scientists and the material are expected to reach the white desert towards the end of the year.

Basing his opinion on satellite pictures, Heinz Kohnen, leader of the expedition and a geophysicist from the University of Muenster, said: "The ice this year is not as favorable as last year; we will certainly have additional difficulties." In normal circumstances the Antarctic coasts can only be reached from the sea during the polar summer. During the winter months a floating ice belt, far exceeding 1,000 kilometers in width, closes off any sea lanes. Despite the ice

obstacles, the researchers hope to begin work in January on the Filchner-Ronne Ice Shelf. Some of the crew will then assemble the first German South Pole station from the components which they have brought with them, planting it in the snow. The station, named after Alfred Wegener, who was a German polar researcher and the father of the continental displacement theory, is a building constructed from two protected parallel pipes, each approximately 50 meters in length and barely 8 meters in diameter, which are interconnected by a passageway. Up to 30 scientists will use these pipes as both home and laboratory.

Nearby on the ice, the other expedition participants will do scientific research in mobile field stations. Besides the recording of meteorlogical data, the agenda consists primarily of ice studies. The researchers want to find out how thick the glacier table is under their feet, how it becomes deformed, how it moves, and how icebergs break off its edge. Additionally, the men are interested in the unique requirements for technical construction work in and with ice and snow. "At sea we will also have an oceanographic group which will examine the Antarctic bottom water and a biological group which will research the sea ecology, seals, and fish and krill resources as well as the distribution of the Antarctic birds," so Kohnen describes the present research mission. "We will return by the middle of March."

Kohnen and his colleagues already have plans for the following southern summer. Among other things, they want to examine the effects of the South Polar region on the earth's climate as well as the transportation of trace gases in the atmosphere and the circulation of the Antarctic waters. Additionally, there will be astronomical observations through the clear polar atmosphere and measurements of the magnetic field of the earth.

Antarctica Is No Disneyland

The introduction of the Antarctic Research Program of the Federal German Republic states: "Antarctic research, because of its mission and expenditure is complex major research. Like ocean research, it includes all branches of the natural sciences." It adds: "Examples of interdisciplinary studies of individual subjects are the interaction between the ocean, the ice, and the atmosphere; the processes on the ocean floor; the direct and indirect link of all life processes with the physical environment; and also the use of remote sensing for the various branches of the earth sciences, meteorology and oceanography."

Expedition leader Kohnen jokes that, "Antarctica is no Disneyland" in referring to the climatic conditions to which the researchers will be subjected during their work. For true scientists worth their salt, the frozen continent still seems like Disneyland. The scientist from Muenster enthuses, "What will be accomplished in the future down there, as well as in the entire scientific program, is purely scientific": Antarctic research as a selfless search for scientific truth!

However, explusion from this research paradise is imminent. Because in and around Antarctica lie great resources: besides krill and fish in the polar waters, there is primarily oil, as well as gas, coal, and various minerals. Under the Antarctic Treaty the signatories pledge to maintain intact the region south of 60 degrees latitude. After expiration of the agreement in 1991, the voting members will have

have considerable influence on the future use of the stateless continent. However, according to the entry statutes of the South Pole Club, concentrated efforts in research must be proven in order to advance from associate to voting member of the Antarctic Agreement. "Pure science" is therefore the necessary ticket for the gala session at which the distribution of the resources at the end of the world will be negotiated.

Due to the movement of the Filchner-Ronne Ice Shelf, the German research station, now only 20 kilometers from the edge of the ice shelf, will drift towards the edge of the ice over a period of years. One day it will break off with an iceberg and disappear into the sea: a symbol for the transience of a researcher's paradise, also.

9714
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**PROBLEMS OF ECONOMIC RECESSION, RECOVERY EXAMINED**

West Berlin DIW WOCHENBERICHT in German 9 Jan 81 pp 7-23

/Excerpt/ Federal Republic of Germany: Late End to Recession

The expected downturn of the FRG economy began last spring. Actually the general recession arrived later than assumed. In the 6 winter months of 1979/1980 demand had risen once more, due to the expectation of greater inflation and the fear of supply bottlenecks in the wake of the international crises involving Iran and Afghanistan. These influences temporarily concealed the factors slowing down growth, which derived from the oil price crisis. Since last spring, though, the general downturn has been all the stronger.

The change in direction was most marked with respect to exports. Following a sharp rise early in the year deliveries abroad declined rapidly. At the end of last year the corresponding level of the previous year failed to be reached. Decisive here was the constantly deteriorating business situation in the Western industrial countries, especially the United States. Deliveries to the OPEC countries also declined after mid-year. One of the factors involved was the war between Iraq and Iran.

At the same time domestic demand also acted as a damper on business. Construction investments had begun dropping in real terms ever since the second quarter of 1980. Demand for residential buildings especially was subjected to growing pressure as a result of the severe inflation in land prices and construction costs. Government construction investments also lagged because the future investments program was nearing its end and government investors endeavored to keep the budget deficit within limits. Unfortunately, as a consequence of the sharp rise in building costs, this goal was not achieved, despite the curtailment of real construction demand. Investment in road construction dropped drastically; public building construction, on the other hand, has so far experienced little decline. Investments by business firms remained relatively stable; their real construction investments in the second half of 1980 still exceeded those of the corresponding period of 1979. Admittedly, though, at the end of the year the inclination of firms to tackle expansion investments did soften, so that this sector of construction activity also tended toward weakness.

Early last year the relatively steady and powerful rise in real equipment investments, which had followed the 1975 recession, came to an abrupt stop. The receipt of domestic orders by the investment goods industries fell extremely low in the course of the year. However, the level of real domestic turnovers initially remained high due to the large stocks of orders; a slight decline did not set in until the

second half of the year. It was expected that the inclination to invest would remain strong among firms even at a time of poor business related to oil prices. This assumption turned out to be unfounded. The continuing unfavorable borrowing terms and narrowing of profit margins since mid-year are likely to have weighed heavily. Moreover many firms failed to meet even their rather modest sales targets.

In 1980 private consumption showed a real rise of about 1.5 percent, half that of the previous year. Adding to the difficulties of employers was the strong fluctuation in the course of the year, which challenged their planning of sales and output. The weakness of consumption was primarily a consequence of the serious burden placed on disposable household incomes by the inflation of energy prices. In many cases employee households were able to raise their real consumption only by curtailing savings. And yet wages rose faster in 1980 than in 1979. Standard wage raises of 6-7 percent per hour were agreed (1979: 5 percent). However, due to the far smaller rise in employment last year, these raises did not involve the faster growth of the total of gross wages and salaries; in fact, due to the progression of the wages tax, the net wages and salaries total increased less than in 1979.

Adjusted by seasonal and calendar effects the real gross national product declined noticeably since last summer. As a consequence of the high level at the beginning of the year it was still roughly 1.5 percent above that of 1979. Imports of goods and services in real terms were almost parallel to domestic production. The decline was partly due to cyclical stock problems. Curtailed in particular were purchases of oil and oil products. On the other hand imports of finished goods hardly declined, despite the stronger competitive position of domestic producers brought about by the exchange rate. As in earlier times of economic weakness, imports of finished goods were shown to be rather independent of business cycles.

Though the rise in import prices slowed down somewhat, prices were substantially higher than in 1979, mainly due to the inflation of oil prices. This rise had the result that the trade surplus dipped very strongly, by about DM15 billion, and was consequently smaller for the first time since 1965 than the surplus of expenditure in service transactions with other countries. The current account deficit therefore increased; following a minus of DM11 billion in 1979, we now have a minus of nearly DM30 billion.

Oil price inflation thus damaged economic development in the FRG last year in two ways: By the withdrawal of real purchasing power, which weakened domestic demand, and by the deficit in the current account, the financing of which presented considerable problems due to the high interest rates prevailing in the Western industrial countries, causing the adoption of a restrictive monetary policy not in tune with economic needs.

If it had not been for these foreign trade difficulties, the employment and unemployment situation would have been ample reason for a revision of monetary policy. The rise in employment slackened so much in the first half of 1980 that the growing labor force could no longer be incorporated in the production process, and unemployment increased. After mid-year employment figures actually declined. From the beginning to the end of 1980 unemployment grew by more than 200,000--seasonally adjusted--; in the average of the year it amounted to 890,000.

1981--Difficult Stage of Development

The Situational Framework

The economic situation in the FRG at the beginning of 1981 gives cause for concern:

-- The real gross national product has been declining since last summer;

-- Seasonally adjusted unemployment exceeds 1 million;

-- Inflation which had declined in accordance with expectations, once again began to rise last autumn; a significant sign was the weakness of the D-mark;

-- The FRG's current account is very much in the red.

This situation runs counter to all the goals predicated in the law to promote stability and growth of the economy. Not discernible so far are any circumstances conducive to another upswing: Visible at this time are some factors likely to contribute to the ending of the downward movement.

In the course of the coming months the adverse effects of entrepreneurial stock regulating actions will diminish. This alone is bound to have an expansive effect.

Even if real world trade were to bottom out in the course of this year and regain some expansiveness, the upturn will be fairly shallow. We cannot hope for a genuinely stimulating effect on German exports This holds true especially because the end of the conflicts in the Near East does not seem to be in sight. These conflicts not only result in the extensive loss of the countries affected as trading partners but also in greater uncertainty about the future of oil supplies and oil prices. This forecast assumes a reasonably steady real oil price--in U.S.dollars--, but this assumption is valid only in case these conflicts do not get any worse or expand. We further assume here that prices will not rise beyond those decided at the latest OPEC Conference in Bali. Totally unpredictable, however, is the further development of the political crisis in and about Poland, and the influences exerted thereby on the economy of the FRG and other countries. We cannot exclude the possibility that East-West trade might suffer as a result.

If 1981 fiscal policies pursue the plans and declarations of intent so far announced, they will hinder rather than promote economic development. That holds true despite the tax relief which took effect on 1 January and the increased transfers to private households. All these steps are more than counterbalanced by the rise in indirect taxation, the increase in social security contributions and rigorous expenditure cuts.

The progress of monetary policy will, in 1981 also, depend largely on the foreign trade situation. In the first months of this year interest rates abroad will still be high enough to weaken the D-mark. This strengthens the economy's export position but, at the same time, promotes the importation of higher prices. At least initially, therefore, the Bundesbank is likely to maintain its restrictive line in order to support the currency. The green light will be given only when other countries abandon their high interest policy and thereby provide the impetus for an upward revaluation of the D-mark, which is in fact overdue in view of our far lower inflation rate.

In the second half of 1980 distribution ratios shifted in favor of employed persons. The main reason was a rapid decline in output resulting in a drop in the output level. This meant that wages costs per item climbed sharply at the expense of employer earnings. If this pressure of wages costs were to be maintained for long, the inclination to invest would be likely to suffer even more.

1981 wages policies should therefore offer an opportunity for relative relief. Indications for this are in fact apparent. Standard wage agreements are likely, which, though above the inflation rate to be expected, will be below those of 1980. If they were to be implemented, real private consumption would consolidate or even rise slightly. In the course of the year this might help total economic development to stabilize.

Slight Reduction in the Current Account Deficit

In the first months of this year the decline in real goods exports will probably speed up even more. Though in the case of basic materials the development of foreign orders received by processing industry indicates a stabilization of the demand, we are bound to note an accelerated decline in the demand for investment goods--decisive for the development of exports. All too noticeable here is the continuing weakness of the markets in the Western industrial countries. Investments in these countries, undertaken in connection with steps to lower dependence on oil, may be some help to our exports but will not be able to prevent a further decline. Exports cannot be expected to rise again until the second half of the year. Most likely exports to the OPEC countries will also climb again. However, we cannot expect the losses of exports recorded since spring 1980 to be made up in the second half of 1981. The average volume of 1981 exports (including services) will be significantly lower than in 1980 (- 1.5 percent).

Goods imports for the time being continue to be affected by declining domestic output and cautious inventory planning in the sector of basic materials. It is not to be expected, however, that cuts in energy raw material imports will continue at the present rate. In view of the unstable political situation in the Arab oil countries consumers are bound to maintain relatively large stocks. On the other hand we are bound to assume noticeably declining purchases of other industrial primary products. Still, in this sector also stock cyclical events in the latter part of the year will result in increased imports. Imports of finished products and foodstuffs are relatively immune to recession. They are therefore unlikely to decline much. Only a persisting weakness of the D-mark would eventually affect these imports also. This forecast does not expect that to happen. The total volume of 1981 imports (including services) will not achieve the status of 1980 (- 1 percent). The particularly poor result in the first half is due--just as for exports--to the previous year's excessive base.

The very slight improvement in the terms of trade ceased toward the end of 1980. Due to the weakness of the German currency the renewed rise in world market prices was strongly reflected in D-mark import prices. Though an upward revaluation of the D-mark is to be expected in the course of 1981, it will not be enough to prevent inflation of import prices, especially for raw materials. However, in that case the rise in export prices will presumably somewhat exceed that of import prices. In 1981 the terms of trade will again improve slightly. The nominal surplus in the balance of trade will probably not rise until the second half of 1981 but will then

help reduce the deficit in the current account. Still, the yearly average deficit will again be large; it is likely to amount to about DM23 billion.

Financial Policy Aimed at Consolidation

Last year the government still strongly expanded spending and thus aided the economy for a long time. A similar effect was intended to result from tax cuts which were the result of earlier changes in the law. However, the rise in expenditure slowed down considerably in the second half of 1980 as the result of the weakness of the economy and the subsequent decline in tax receipts. This decline affected investments most of all. Only government consumption still continued to rise sharply.

This year financial policy aims at energetic consolidation. This is reflected especially in the planned 4 percent limitation on the rise in spending. The foreseeable decline in revenues was a major factor in setting this goal.

For economic reasons and as a consequence of more changes in the tax law the rise in government revenues will be definitely weaker in 1981 than in the preceding year. The tax cuts enacted for 1981 in the field of wages and income tax signify a loss of around DM8 billion to the public treasuries. Some compensation is to be expected from the planned tax increase (as of 1 April 1981) for oil products and spirits, which is likely to bring in additional revenues in the amount of DM2.5 billion.

The 1981 yield of the wages tax will not exceed the results of the previous year. In addition to therevision of scales the decisive factor will be the decline in employment, which is bound to result in a much weaker rise in the total gross wages and salaries paid.

Analogous to the lower business profits earned, no more than slightly higher revenues may be expected from income and corporation taxes (+ 2.5 percent), although higher final payments will fall due with respect to income taxes arising from assessments on the large profits earned in 1979. On the other hand the lower development of profits in 1981 will mean a decline of prepayments, especially with regard to corporation tax. Consequent on the expected slight expansion of private consumption and (nominal) imports, indirect taxes must again be assumed to rise more slowly (4 percent; 1980: 5 percent). All in all tax revenues of the central, regional and local authorities will rise by only 2.5 percent in 1981.

The financial situation of the pension insurance fund improved in 1980 to the extent that it was able to accumulate some reserves for the first time since 1974. An increase from 18 percent to 18.5 percent in contributions to the social security pension at the beginning of 1981 would not result in another financial improvement if, as planned, the federal subsidy to pension insurance institutions were to be cut by DM3.5 billion. In that case the federal subsidy to the Federal Institution for Labor is to be raised by the same amount to reduce the deficit there, which the Federal Government has a statutory obligation to cover. As, however, the 1981 deficit of the Federal Institution for Labor will amount to approximately DM7.5 billion, this shift will meet the obligation in part only. Contributions to the statutory health insurance will be raised in 1981 also, by an average of half a percent. While the social insurance fund achieved a total surplus of DM1.5 billion in 1980, revenues and expenditures will not entirely balance this year.

The estimate of 1981 expenditure is based on the announced intention of those responsible for financial decisions to set close limits to any rise in spending: The central, regional and local authorities do not wish to much exceed the 4 percent target. Given this assumption there is no scope whatever for any expansion of public investment--on the contrary: As serious cuts are impossible in current expenditures, the red pencil is bound to be wielded when it comes to government investments. According to the data so far to hand we must expect a sag in government demand for investment goods; the assumption of a nominal 4 percent decline (which, at stable prices, means a nearly 9 percent minus) seems not excessively pessimistic.

In general the rise in government consumption will weaken quite noticeably. We cannot expect a reversal in the trend toward spending cuts. Moreover, the cyclical downswing is bound to affect the conclusion of wage agreements; wage raises in the public service will probably be at the lower end of the general standard wage increases. Budget appropriations are also likely to be very low with respect to current purchases of materials by central, regional and local authorities; taking higher prices into account we may at best expect stagnation. The purchases by social insurance institutions will have little expansive effect. In nominal terms government consumption will rise by only slightly more than 5 percent in 1981 (1980: 9.5 percent).

Current transfer payments to private households will, at 8 percent, rise more than in the previous year (6 percent). This development is due mainly to the worsened situation on the labor market, which calls for additional expenditures to the tune of DM5 billion. Pension payments by the pension insurance institutions, amounting to about 80 percent of social insurance transfers, will rise by just under 5 percent. This results from the fact that the 21st pension adjustment law fixed the 1981 pension adjustment at a relatively low 4 percent also, independent of the development of wages.

Outstanding among the transfers by central, regional and local authorities are the rise in the children's allowance in effect from 1 February 1981 (+ DM2 billion) and the additional expenditure on the housing bonus. Budget discussions indicate that current transfers to nationalized enterprises (especially the Federal Railways) are not to be further expanded.

In view of the waning of the future investment program capital transfers will probably also lag behind the level achieved in the preceding year.

Despite all efforts at consolidation government financial deficits will not be limited to the amounts achieved in 1980. As a result of the recession and tax change related losses of revenue new borrowing will rise by more than DM10 billion to about DM67 billion (1980: DM56 billion). In financial statistical terms this means a deficit of DM70 billion; roughly half of this deficit is likely to arise in the federal budget. It is therefore impossible for the DM27.5 billion limit on new borrowing envisaged in the current budget proposal to be observed.

Sharp Drop in Construction Investments

The real receipt of orders by the construction industry has been declining for more than a year. The relatively high level of building output still prevailing at the

end of last year was achieved only by a reduction in order stocks. According to the Ifo economic trend check the scope of stocks held last October amounted to only 2.7 months compared to 3.3 months in the preceding year. No early resumption in the demand for buildings is on the cards. Indeed, the budget planning of central, regional and local authorities seems to indicate another decline. Moreover, terms for financing construction are highly unfavorable and damp down demand for residential buildings especially, but also that for commercial buildings.

Given this starting situation we must anticipate a sharp drop in real construction investments this year. It is likely to amount to about 5 percent. The greatest reduction will occur in real government construction investments; the decline will be average in the case of residential buildings. It will probably be less dramatic for commercial construction investments which continue to be assisted by projects in the energy sector--still within the scope of the program for future investments.

Building and civil engineering in general will be affected more by recessive influences than the finishing trade which is given impetus by measures for energy conservation and the modernization of, especially, residential buildings. Within building and civil engineering in general underground and road construction firms will be hardest hit with regard to output. Crucial here is the well above average reduction in government orders.

Admittedly, should monetary policy shift, a stabilization of real construction demand may yet happen later this year, albeit at a relatively low level. This appears possible in particular in the case of housing construction, because the rise in construction prices will diminish quite significantly (1981: 5.5 percent compared to 10 percent in the average of 1980). That, however, is unlikely to exert an early beneficial effect on production. On the other hand it might improve the expectations of construction firms regarding future business and, consequently, their employment policy. As a result the sharp decline in the construction labor force to be expected in the coming months might weaken somewhat.

Equipment Investments Slightly Down

The inclination to invest has been seriously damaged by the considerable burden placed on business by high oil prices, declining sales abroad and, lately, at home also, sharply rising wage costs per item and unfavorable terms of credit. The average rise in real equipment investments last year was about 2 percent, quite low anyway, and due only to the relatively high level at the beginning of the year. Later in 1980 investments displayed a slightly declining trend. This will continue far into the current year, as indicated by the continuing lower volume of orders from domestic customers received by the manufacturers of investment goods, the persistently damping effect of the world recession and the business climate which has significantly cooled in nearly all sectors. The restrictive effects of financial and monetary policies contribute to the lessening in the inclination to invest. In these circumstances even the weakness of private consumption tends to have an adverse effect though, in more favorable conditions, it would have virtually no investment obstructive significance.

In all likelihood investors will revise downward their 1981 plans which had been fairly expansive as late as last fall. At a point in time when the economic climate

is still deteriorating rather than recovering, it is almost impossible to gauge the severity of these corrections. On the other hand we may be encouraged by the fact that major investment programs in some sectors such as the car and chemical industries tend to benefit the business situation of other sectors also. We may thus hope that the decline will by no means be so serious as in 1974/1975. Analogous to business buildings it will presumably amount to only 2 percent. We cannot expect a noticeable improvement in the inclination to invest in the course of this year.

Negligible Real Rise in Private Consumption

The rise in real private consumption, already slight in 1980 (+ 1.5 percent) will diminish once more this year. This arises from the fact that disposable income will increase at a considerably slower pace than in the previous year. Given the economic situation which will deteriorate until the latter months of 1981 to the accompaniment of rising unemployment and short time work, 1981 standard wage agreements will be noticeably more restrained. We are expecting a 5 percent per hour average raise. In view of the declining volume of work, however, total gross wages and salaries paid will increase by only about 3 percent--less than half last year's rise. Despite the higher rate of pension insurance contribution and above average increases in health insurance contributions, however, employee incomes will, in net terms, expand at about the same rate as in 1980 because the progression effect of tax rates is to be once more temporarily canceled. The worsening recession will also affect profits. Though these will benefit from tax relief, firms will endeavor to retain the largest possible proportion of their earnings to finance investments. In other words they will restrain "withdrawals" because, due to unfavorable borrowing terms, they will prefer to have recourse to their own financial resources. Transfer incomes, on the other hand, will rise more rapidly as the result of higher child allowances (from February), most of all, though, due to larger payments by the unemployment insurance institution. Pensioners, though, will again record no improvement in their real incomes.

This development of incomes, accompanied by prices rising an average 4 percent per annum and the assumption of a nearly unchanged savings rate, signifies a real rise in private consumption of about 1 percent. In the first half of the year it will in fact be declining; later on, however, private consumption will revive somewhat in real terms, following the improvement in the economy and the slowing of inflation.

Declining National Product-Rising Unemployment

In view of these basic trends of total demand the real gross national product will continue its decline, begun last summer. As far as we can now gauge, the downward trend may yield to a slight improvement in the course of the year--influenced by a faint recovery of world trade, expanding stock investments by enterprises and an increase in private consumption. On the other hand no real upswing is in sight. We are compelled to this appraisal in view of the restrictive monetary and financial policies which appear to rule out any widespread revival in the inclination to invest--necessary to fuel real recovery.

In the average of 1981 the real gross national product will probably be about 1 percent lower than in 1980. Especially in the first half it will fall short by

nearly 3 percent of last year's level. Admittedly, this figure exaggerates the decline from the economic aspect; in part it actually just reflects the speculative excess at the beginning of 1980. Moreover we have here a calendar effect: Fewer working days are available in the first half of 1981 than in the corresponding period of 1980. The output volume in 1981 will be significantly lower in all sectors, excluding only essential and nonessential foods. That is due mainly to the declining domestic inclination to invest and to lower exports. On the other hand some manufacturers may succeed (as the result of improved competitiveness) to route their output to foreign markets in order partially to compensate the loss of domestic demand.

The decline in total output is linked to a noticeable diminution in capacity utilization. While the production potential is expected to rise by about 2.5 percent even in 1981, the extent of utilization will decline by more than 3 percent. More serious, because socially undesirable, is the decline in employment. True, the release of manpower is going to happen partly by cutting hours and therefore involves a sharp increase in short time work. Still, unemployment is bound to rise dramatically, that is by 300,000 in the average of the year. A total of 1.2 million people will then be unemployed and the unemployment rate exceed 5 percent. The painfully achieved successes in reducing unemployment since 1975 are more than compensated by the unfavorable development since mid-1980; the figure forecast for 1981 is in fact higher than that of 1975.

To some extent this rise in unemployment results this year also from the growth of the labor force potential which is not met by a corresponding rise in job vacancies. At the same time the unfavorable employment situation will cause some of the growing potential not to seek work but await future events in the so-called silent reserve. Still, firms do seem willing to accept trainees so that we may this time avoid the exceptional rise in youth unemployment which occurred in the mid-1970's.

Initially No Further Downtrend of Prices

Interrupted in autumn 1980 was the weakening of inflation which had followed the oil price push. The inflation rate of private consumption rose again (compared to the previous year) and lately approached 5.5 percent.

The prime cause for the reverse in the price trend was the worsening of the D-mark's exchange value, which led to additional price rises of, especially, oil and raw materials which are billed in U.S.dollars or pound sterling. From summer 1980 on domestic considerations joined these foriegn trade causes of inflationary movements, in particular the increased pressure of wages, which coincided with the recession related decline in productivity. At the same time distribution ratios show that firms have, at best, succeeded to some extent only in passing these additional costs on to purchasers: In the second half of 1980 earnings from corporate activities and investments rose definitely more slowly than the nominal national product.

The rise in consumer prices is not expected to slacken in the coming months, because the persistence of the international interest differential will keep up pressure on the D-mark exchange. Consequently the further increases in oil prices decided late last year will probably be transferred above proportionally to the domestic price level. Moreover some indirect taxes as well as water, electricity and gas prices

will be raised in spring and have a direct effect on consumer prices. We should therefore expect inflation to slacken somewhat only after this "minor general price rise." At that time the smaller rise in wages costs per item will also favor a leveling off. Still, despite restrictive monetary policies, the average inflation rate will be above 4 percent in 1981, because these policies hit harder at real than nominal elements. The price index of the gross national product, indicator of the development prices for the FRG's total product, will rise hardly less than in the previous year and amount to about 5 percent more than in 1980.

Foreign Trade Burden of Monetary Policy To Diminish

1980 monetary policy was determined largely by foreign influences. The rapid worsening of the current account and high interest rates in many other countries exerted pressure on the D-mark exchange. The Bundesbank tried to defend the rate of exchange, fearing that continuing devaluation-related rises in import prices would burden the currency even more, thus hotting up inflation. Nor were the other countries involved in the European Monetary System (EWS) interested in substantial corrections of exchange rates; the guide rates were not changed. Consequently the banks of issue intervened on behalf of the D-mark, and the Bundesbank persisted in its restrictive policy in order to restrain the outflow of currency to the high interest rate countries. As a result it raised the domestic level of interest rates. Since May 1980 the central bank money supply has in fact moved below the target line.

Despite the rise in interest rates the Bundesbank covered the current account deficit largely from foreign exchange reserves (some DM24 billion). To finance it to an even larger extent from net capital imports would have called for a still more restrictive monetary policy. That, however, could not have been justified since even the existing policy left deep scars.

The target line decided for 1981 provides for 4-7 percent rates of expansion and is therefore somewhat flatter than that for 1980. However, it leaves sufficient scope for the expansion of the central bank supply appropriate to the potential. The autumn forecasts of the economic research institutes had assessed this at 6.5 percent. A prompt turnabout is urgently needed due to the persistent deterioration of the economic situation; moreover it is unobjectionable from the standpoint of stability. Nevertheless the Bundesbank is unlikely to abandon its restrictions in the first months of this year, mainly in consideration of the foreign exchange reserves which shrank substantially last year. As long as interest rates in other countries remain high, a monetary policy oriented to lower interest rates and greater liquidity is bound to produce a greater outflow of money in view of the relatively rigid monetary parities prevailing in the EWS.

We are thus presented with a paradox. Due to the increasing price differential between the FRG and most other countries the D-mark is basically "liable to revaluation"; the longer the pressure on the D-mark's rate of exchange persists, the more the "demand for revaluation" is pent up. An upward revaluation could be initially triggered by a reversal of those events which exaggerated the revaluation trend last year. A tendential change could therefore be produced if, in view of the deepening recession abroad, more and more countries were to abandon high interest rates, and if the foreign exchange markets were to consider the decline in the current account deficit as a point favoring the D-mark. In that case the deficit

would then be financed by net capital imports far more than in 1980. Even the Bundesbank would then feel itself justified in easing the monetary restrictions. Together with the recession-related leveling of the rate of inflation this would contribute to a pronounced reduction in the capital market interest rate which amounted to about 9 percent last November. A 2 percent decline seems quite on the cards and would help improve the economic climate. However, the effect on output and employment would not really be felt until the next year.

Our forecast of the flow of funds reproduced in the two tables "moneys employed" and "borrowing" of the sectors of the economy is based on this assessment of monetary policy. This set of figures must be interpreted with even greater caution than the estimates and forecasts of the national product and its elements. Financial transactions react far more strongly and quickly than "real transactions" to any change in data. Hereafter we wish to indicate only the most important trends for 1981:

Private households will employ funds to about the same extent and in the same manner as in 1980. Their borrowing, however, will decline consequent upon the worsening of the economic climate. Consequently their net investments (financial surplus) will grow.

Enterprises (including the sector "housing administration") will restrict their investment expenditure while their own resources will increase slightly. Consequently their deficits will be lower.

Conversely the government will have to accept a larger deficit--also related to the recession. Once again it will meet it mainly by long-term borrowing from the financial institutes. At the same time it will use the improvement in the capital market to issue public bonds. Finally--as in 1980--it will extensively borrow abroad, in particular from the OPEC countries.

The financial institutions will enjoy additional liquidity because the Bundesbank will certainly limit its minimum reserve requirements. Furthermore domestic sectors and other countries will deposit more moneys at the financial institutions than they did last year, while the demand for loans will decline. In conjunction with a reduction in the bank of issue's interest rates this may stimulate the financial institutions to purchase more securities, lower their deposit interest rates and moderate their credit terms.

Monetary, Financial and Wages Policies To Be Steadier

The FRG's economy has reached a stage where the economic targets stipulated by the stability law are increasingly missed. There is absolutely no suggestion of economic growth in the near future, and unemployment is rising seriously. Despite the fact that our rate of price rises is moderate by comparison to other countries, the further rise to be expected does not meet the standard of stability.

The present economic situation is distinguished from earlier recessions by the large deficits in the current account and budgets. Both restrict the scope for action of the economic authorities.

The large government financial deficits have produced ever more urgent demands for a reduction in new borrowing. It does little good to point out that financial policy itself helped this very situation to arise. Ever since the 1975 recession it has mainly used so-called supplyside measures, in other words repeatedly lowered tax rates and accepted rising budget deficits. This line continues this year because taxes are being reduced once more, thereby further increasing the already substantial deficit. In recent years this unilateral tilt of financial policy was at least partly counterbalanced by the fact that the program for future investments provided incentives by way of government spending. This year, however, further restraints will be exerted on that side also. The rise in government spending is to be limited to such a low rate that the economy's total output potential will be called upon to a reduced extent; at the same time the budget deficit is to be kept roughly at last year's level. Totally overlooked here is the fact that the recessionist effects of spending cuts will result in further losses of earnings. Should the target--contradictory right from the start--be maintained, a cumulative shrinkage of the economy is necessarily involved.

The public discussion on the necessity of an economic policy program is running on an altogether wrong track. The Federal Government denies this necessity, pointing out unsatisfactory experiences. However, we must recall that economic policy itself is not without guilt with regard to these poor experiences. It is imperative at this stage to make a short-term recovery program superfluous. This would be the case if the regular budgets were to incorporate sound investment appropriations in particular. How far budget appropriations have strayed from this need is demonstrated by the announcement of the German Cities Assembly that municipalities will cut this year's investment spending by about 10 percent. In real terms this means about 15 percent. True, that also is an economic policy program, albeit a negative one. If it should happen in the coming months that unemployment rises even more than expected, we must fear that recourse will once again be sought in an economic policy program which, by then, may come too late and fail to work. Financial policy would be well advised to initiate a change of line right now. This could be done on the model of the prorgram for future investments, involving all levels of the central, regional and local authorities in a medium term growth program such as the DIW has repeatedly called for--in the interest also of the medium term restoration of government financial health. The working fund could be available from the projects redlined in this year's budget.

Government actions should initially concentrate on those sectors where a quick effect can be achieved. The recession in the construction industry may well offer an opportunity to counteract any potentially excessive price claims by that industry. The plans for a freeze on hiring in the various public services are quite unjustifiable from the economic standpoint. Needed quite particularly are additional part-time jobs. Such actions could be financed to a much greater extent than hitherto by shifts in the budget (cutting of subsidies, reductions in tax relief). Admittedly, a prime condition would be greater courage by those who hold the political responsibility to reduce political obstacles.

Of little effect on recovery in a situation like this is the latest tax relief package which provided a good deal of tax relief mainly for recipients of medium and higher incomes.* Without any doubt this gave away some scope for action.

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* See "Public Budgets 1980/1981: Tightrope Walk Between Consolidation and Safeguarding Employment," compiled by Dieter Teichmann and Dieter Vesper, DIW WOCHENBERICHT No 36-37/1980, pp 391 ff.

In this context there was some discussion about saving expenditure by awarding no more than relatively low raises to public servants. This discussion also took on a misleading aspect by describing the proposal as a special sacrifice. In past years special sacrifices were asked of other employees who were the only ones to be burdened with rising contributions to the pension and unemployment insurance funds, in other words received correspondingly lower raises of net earnings. A correction here would by no means be inequitable.

Anyway, all those considerations--rather structural in kind--must take account of the impact on the economy. Given the economic development in 1981 it is indefensible even more to reduce demand by such cuts. Even if, for example, the relayed raise of civil servants pay would result ir additional public investments, these would not have an impact until some considerable time later. This kind of proposal may therefore be quite justified if aimed at the medium term, but it is a mistake to expect an improvement in the near future. In fact the opposite is the case. Again, while the structural consolidation of budgets is certainly imperative, the timing must be very carefully chosen from the aspect of recovery.

Neither financial nor monetary policies can justify another burden on economic development by pointing out that the decisive growth and employment incentives must be provided by wages policy. Wages policy is unable to accomplish such a task. Increases in the wage rates to the extent of the advance in productivity generally expected--in other words without compensation for inflation--would involve losses in terms of real wages, and these would be bound to result in another decline in real demand in a crucial phase of the cyclical downswing. The cost improvement expected from very low standard wage agreements would fail to materialize due to the continued recession-related decline in productivity. Moreover, weak demand would prevent any improvement in corporate profits. General economic needs would probably be best served by a policy of stabilization; here this year's standard wage agreements would take their cue from, say, those of 1979.

As for monetary policy, the shift to a line in tune with the potential is urgently needed. The main obstacle here are high interest rates abroad. Despite the deepening recession other countries hesitate--for the same reasons as the Bundesbank--distinctly to lower their interest rates: Going it alone, they fear to weaken their own currencies. A concerted action to lower interest rates could lead us all out of that impasse. The Bundesbank and the Federal Government should leave no stone unturned in the endeavor to launch such an action without further delay.

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CSO: 3103

COMMUNIST PARTY'S INTERNAL STRIFE REPORTED GROWING

Helsinki UUSI SUOMI in Finnish 31 Dec 80 p 2

[Editorial: "The SKP [Finnish Communist Party] at Crossroads"]

[Text] The civil war between the two factions of the Finnish Communist Party has clearly accelerated during the past few weeks. The struggle over the future line, lead positions and procedures has nearly halted preparations for the representatives' meeting to be held in the spring. If some kind of solution is not found to break the deadlock, the representatives' meeting in May might only be again an occasion to register the internal schism of the party instead of becoming the hoped-for occasion for rebirth.

The preparation of the representatives' meeting agenda has come to a halt. The cause of disagreement is the organizational policies agenda to be presented to the meeting, the content of which would define the principles and procedures of political activity.

Against this background one can interpret the ominous statement by the party chairman Aarne Saarinen threatening the party minority with a final closing of accounts after the representatives' meeting. According to Saarinen, if party unity is not achieved by the spring, only one alternative remains: separation into completely independent groups.

It is not likely that the SKP minority will lose spirit when faced with this threat--they are strong in their own ideology. If Saarinen has set out for this final lap with an either/or solution in mind, this might mean that the party will divide even more decisively into two separate groups. That again will have a deep effect on the future of the entire communist party in Finland. It will mean a schism in the party and diminished support. But that is precisely Saarinen's problem: will support dwindle more because of the schism or is the present situation after all the better one of the two evils.

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CSO: 3107

SAARINEN IN YEAREND ASSESSMENT LOOKS AT SKP DIVISION

Helsinki KANSAN UUTISET in Finnish 27 Dec 80 p 5

[Commentary by Aarne Saarinen: "On So-Called Conflict Between Words and Deeds"]

[Text] A topic of discussion among the SKP [Finnish Communist Party] membership is the conflict between words and deeds, i.e., between decisions and deeds. This conflict actually does exist. Yet, it is caused by life itself; social life especially, its conflicts and its complexity.

Words and decisions express the will, goals and directions of private people and bodies of people--political and trade organizations--in this very special capitalistic society of ours that has divided itself into classes and interest groups. Different and contrasting decisions are made concurrently. Few of them ever get fully executed, as compromise is the most frequent outcome.

How each compromise tilts depends on the mutual relations of the different forces. When the bourgeois has the majority, the compromise decisions tend to be more in the bourgeois direction. This should be clear to all people with any awareness of politics.

The role of the communists in a country like present-day Finland is indeed complex as the communists even can participate in the government of the country.

The decision-making organs of the SKP and the SKDL [Finnish People's Democratic League] have made an organization-level decision to participate in the government. As it was being made, it was clearly understood that it would not be possible to realize in the government our goals and organization decisions in anything like all the important questions. Even in favorable circumstances, the results are compromises between different viewpoints. As we participate in the government, we have a better understanding of what is being planned on the government-level, what kind of decisions are being prepared. This way, we are able to have an influence on various matters already during the preparatory process which is an ever-more important part of making social decisions. Also, we should not undervalue the fact that participation in the government gives us a chance to influence the execution of decisions especially in the areas in which we have ministers. Extremely serious argumentation is needed in order to make a political body voluntarily relinquish this kind of a chance to participate in the wielding of power.

In the area of social reform, the communists have mor- demanding goals and goals that reach further than anyone else's goals; therefore the communists are entangled more often than other parties and more clearly than other parties in conflicts between organizational decisions and so-called deeds. This understandably causes confusion and raises many questions. This conflict is most openly and clearly apparent in the diet, especially in voting, as those communists who favor participation in the government have to vote for the government majority decisions according to the game rules of government cooperation even when these decisions are not in agreement with our organizational decisions.

At the same time, the diet group minority faction, having fenced itself in opposition, can vote and perform in a way that can be used to an advantage since it is in accordanced with the letter of the organizational decisions. The minority this way earns itself clean papers, so to say. This is of course a problematic matter.

As far as the entire party is concerned, "the conflict between words and deeds" can be removed, at least very largely, only by the whole party going into government opposition and staying in opposition until it has reached a clear or sovereign position in society. What vistas would open through this? It too is worth considering.

It is a well-known fact that politics is not pure mathematics. The same can be said about the relation between organizational decisions and the color of the voting buttons in the diet. Politics is not always and in all circumstances obedience to certain rituals and formalities, it must not be mere formalism. This is especially the case when obedience to formality would result in the formation of a more rightist government than we have now, and when obedience to formality would not result at the end in a different final solution to the question on hand--good examples of the latter have been the questions of the index and of Finnvalco. Voting behavior always has to be judged from the point of view of practical results, especially the political ones.

There are a lot of examples in political history where adherence to preconceived views and attitudes, the so-called "correct principles," has resulted in bumping the head against the wall politically.

What possible political sense would it make for the entire diet group to vote in all matters according to organizational decisions when they know that they would be left in the minority and their goals would not be realized, and when they know at the same time that the rightist goals would be realized, that is, the government would be dispersed and the right be given an opportunity to take over the communists' position in the government of the country. So the choice is between a formally "pure line" and a politically expedient end result, the latter being, from the theoretical point of view, always the basic tenet in political considerations.

Although voting behavior might appear contradictory, it naturally does not mean that the SKP and SKDL goals have been abandoned. Regardless of that, the organizations adhere to their own goals. This also applies to the decision regarding tying the wages to the index. The People's Democrats have not had

sufficient power in either the government or the diet to institute the law change stipulated by the organizational decisions. However, the trade organizations of wage earners, the SAK [Central Organization of the Finnish Labor Unions] especially, do have enough power and means at their disposal provided they want to use them.

As the index discussion in the diet was about to begin, I asked the prime minister if the government was ready to propose a law change in case the labor market organizations would agree on applying the index condition in bargaining agreements. He answered that there was readiness in the government for this. The decision in other words rests with the SAK.

There are also matters where the group has voted in accordance with the organizational decisions in the final diet consideration against the stand of the government and the diet majority. The matter of health center fees was an instance of this. However, it did not cause a government crisis, since it was difficult for the government and the diet majority to defend the maintenance of the fees and even more difficult to defend raising them.

So the procedures have to be considered case by dase. The question of the "conflict between words and actions" is not simple and straight forward. This is why the SKP and SKDL, being politically responsible, cannot behave simply and propagandistically. We cannot take as a basis for our political activity the principle of Veikko Vennamo who once said to me: "I must appeal to simple people."

We live in a so-called educating society where people also receive more and more social information and experience and are capable also of independent thought.

Finally, I think that by the 19th Representatives' Meeting at the latest, we have to be able to affect a change in the behavior of the SKDL diet group. We cannot accept for ever that an essential part of the diet group acts against the decisions by the group majority. This separatist behavior within the group has continued for several years, and there must be an end to it. The alternatives are unification or separation into entirely independent groups.

I have not implied in the above that the People's Democrats should participate in the government no matter what the circumstance and the conditions. I have only wanted to bring forth a procedural problem that is not as simple as it is often thought to be.

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CSO: 3107

KOIVISTO DEVOTES MOST OF YEAREND ADDRESS TO ECONOMICS

Helsinki UUSI SUOMI in Finnish 31 Dec 80 p 40

[Text] The level of taxation has not gone up in Finland and there is no need for it if the growth of state spending is kept under control, said Prime Minister Mauno Koivisto in his New Year's address.

Koivisto calls for self discipline in the income solution and foresees "strongly restricting economic policies" if inflation is not kept under control as the trends take a down-turn.

In 1980, the dominant feature of the international scene has been the growing tension between the great powers. The accelerating arms race and local crises have been threatening peace. In the new year, this development should be reversed in the direction of safeguarding peace.

Despite added tension, it has been possible to continue negotiations and discussions in the important matters concerning arms reduction. It is hoped that the leading powers will reach an agreement on the limitation of strategic weapons (SALT) as soon as possible. The follow-up conference on European security and cooperation now in session in Madrid is expected to lead to positive results, specifically to an agreement on holding a European arms limitation conference in the near-by future. In addition, continuing effort is needed to strengthen Northern European security.

In Finland's international role, the most notable event last year was the official visit of the President of the Republic to the USSR. The negotiations and long-range agreements on economic cooperation made during the visit solidify further the neighborly relations based on the YYA agreement [Mutual Cooperation and Assistance Treaty].

Finnish relations with the other Nordic countries have continued to develop along established lines. We have been active in the United Nations. Despite economic restraints, Finland has been able to increase her contribution towards solving international developmental problems.

Favorable economic development continued during 1979. It has been possible to strengthen the production base; unemployment has decreased; and income development was satisfactory even though we have had to continue adjusting to increases in the price of oil. The level of taxation has not risen, and neither is there any need to raise the taxes if state spending is kept under control.

It was possible to continue social reforms fairly well according to the plans. The cabinet made a resolution in the spring on finalizing the national pension reform, and when enforced, this will lead to improved pension security. From here on, preference has to be given in social politics to improving the lot of families with children.

The first signs of the international recession are already being felt also in the Finnish economy. Economic growth next year will be clearly slower than in 1979-1980. Inflation threatens to deter competitive capacity which is essential to our exports success as the markets slide. If we are not able to control inflation and production expense, we will have to exercise heavy restrictions in our economic policies during the recession.

In order for our economic development to maintain its favorable course, we need mutual understanding and cooperation by all parties. Self discipline in income solutions will enable us to plan other economic policy measures so that it will be possible to stimulate the economy during recession and to maintain employment.

From the Front Page

"As the cooperation by the left is as good as it is--not only in the cabinet but also in many other areas--we must not endanger it except for extra-ordinary reasons.

Koivisto says that he cannot imagine the SDP [Social Democrat Party] favoring cooperation with the conservative block over cooperation with the left.

Agricultural Pit: 200 Million Marks Deep

Koivisto considers agricultural policies to be a potential pit for the government and therefore a matter of great concern.

He describes it as a 200 million mark agricultural pit. And "if traditional principles of agricultural policies are going to be followed, this year (1981) would leave for 1982 a downright horrible inheritance," says Koivisto.

Koivisto also wishes that Paavo Vayrynen would stabilize his position as the Center Party chairman.

It transpires from Prime Minister Koivisto's words that he did not like the autumn manoeuvre of his party's main organ, DEMARI, which turned him into the Social Democrat Party's presidential candidate.

"When I returned from my trip to Yugoslavia, Sorsa tried to explain this DEMARI business, that their intentions were not bad ...."

"What Sorsa said recently is right: there is no reason to draw anyone into a special position. It would of course have been nice for them to act in accordance with these principles, i.e., not actually ever draw anyone out for special attention."

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PRIME MINISTER ATTACKS CENTRAL BANK POLICIES

Helsinki HELSINGIN SANOMAT in Finnish 31 Dec 80 p 7

[Text] Prime Minister Mauno Koivisto is in the midst of a dispute in the main organ of his party, SUOMEN SOSIALIDEMOKRAATTI, over the policies of the Bank of Finland and the activities of its directors.

Columnist Arkadi Makelainen, revealing views held by the Social Democrat inner circles, wrote in the Christmas Eve issue that the Bank of Finland is an independent center of power, which putters around in the field of economic policy without exercising political responsibility. It insults its own researchers and denies of them the right to public debate. According to Arkadi Makelainen, the bank persists in devaluating the currency whenever possible, and only enjoys the mysticism hovering around it.

"The byzantine characteristics that came to the Finnish Government from czarist Russia have been very strongly preserved in the central bank. As there is no hardship of excessive mental work, time is left for intrigues, not only involving the bank's internal affairs but also those connected with government and political parties."

"The presidential game keeps everyone busy. Special care is taken to keep the bank officials away from the public eye and even from the government's study groups," quips Makelainen.

He suspects that the bank's board does not follow any kind of work procedures and claims that last winter's little revaluation was created by chance. "With tongue in cheek, one could talk of permilles [of alcohol in blood] rather than revaluation percentages.

Koivisto--on leave of absence from the Bank of Finland--answers the intimations and accusations in the Tuesday [30 January] issue of SUOMEN SOSIALIDEMOKRAATTI.

Koivisto defends himself in many cases by quoting his book on 1970's economic policies. He doubts Makelainen has read it. Koivisto unconditionally refutes that the Bank of Finland would be politically irresponsible in its actions. Koivisto also states that the researchers of the bank have not been treated as badly as Makelainen claims.

Koivisto answers the charges of intrigue with: "I suppose it does happen to be that the board of the Bank of Finland keeps up close contacts to the government, but it is unnecessarily provocative to say that special intrigues would be conducted by the Bank of Finland. The presidential game is played with great gusto, but I have not so far noticed that anyone has registered himself as a participant."

The devaluations have always been approved by the government, emphasizes Koivisto.

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JAN-MAGNUS JANSSON URGES CONSERVATIVES, CENTER TO GET CANDIDATE

Helsinki HELSINGIN SANOMAT in Finnish 3 Jan 81 p 6

[Text] Chief editor Jan-Magnus Jansson (Swedish People's Party) believes both the Conservative and Center Parties will collect more votes by choosing their own presidential candidates than by using shared candidates that have been trumped up artificially. Jansson also thinks it likely that the actual election struggle is going to be between candidates who attract really large numbers of votes.

According to Jansson, it is normal that the final round is between the candidates of the Center and Social Democratic parties. He also thinks it possible that the election will be a replay of the 1956 scene. These opinions by Jansson appear in an interview in the latest issue of the KUVASTIN magazine published by commercial banks.

Jansson believes that the present alternatives used by polls are going to change after the parties have appointed their candidates. He argues this on the basis of strong policy loyalties of the citizenry.

Jansson foresees no shortage of candidates in the presidential election but expects few of them can be given serious consideration. According to Jansson, it "appears to be clear" from the present viewpoint that the Social Democrats will appoint Koivisto as their candidate. He also said that Koivisto indeed has come to the forefront by virtue of polls.

Jansson argued for public treatment of the presidential question on the basis that "it would be peculiar if the central question of unofficial discussions did not come out at all in public." According to him, this would mean disregarding the function and role of the press.

Jansson gave the Sorsa and Koivisto governments credit fot their economic policies, where, in his opinion, it has been a question of a social agreement. Smoothing over of political differences, which has been the result, has been a price worth paying, Jansson figures. According to him, it might be more healthy for the nation to proceed to a period of clearer political alternatives.

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CSO: 3107

## COUNTRY'S ECONOMIC SELF-SUFFICIENCY IN WARTIME SEEN WEAKER

Helsinki HELSINGIN SANOMAT in Finnish 6 Jan 81 p 11

[Text] With the development of international division of labor, our country's self-sufficiency has weakened very noticeably. Finland is very dependent on the international network of exchange and therefore very vulnerable when various crises create worldwide tension.

On the 25th anniversary of the Defense Economy Planning Commission [PTS] held in Helsinki on Monday [1 January], a statement was made that "improving our ability to withstand crises and adding to our security stocks have become the main task of the commission."

It is considered very important at the moment to entice commercial and industrial sections into security stockpiling, because state funds will not go very far.

A research group to study security stockpiling has been established by the Ministry of Trade and Industry and it is now devising suitable and effective "lures" to get trade and industry to participate in security stockpiling of raw materials and supplies with assorted help from the state.

The research group will have its recommendation completed during spring or next fall at the latest.

Minister Sakari T. Lehto, who is the chairman of the Defence Economy Planning Commission, said that especially the oil crises of the 1970's have made our country increase security stockpiling of oil and oil products. Also stockpiling of grain is about to become statutory.

In addition, state funding is needed to stockpile medicine, import fertilizers, and pesticides as well as--with support from industry--industrial raw materials and supplies.

Because of international changes, the need for security stockpiling is now noticeably greater than 25 years ago when the Defense Economy Planning Commission was established.

Minister Lehto refuted public opinion that the commissions field of activity only relates to a military crisis. According to the paper [name not quoted], the emphasis is now on fending off the crises that could disrupt livelihood of the population and the normal pursuance of economic life; these crises generally occur in peace time and are economic.

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## BRIEFS

IRAQ CONSTRUCTION PROJECTS RESUME -- The Finns are about to return to construction sites in Iraq. The IRCO [expansion unknown] concern which is building a conference palace in Baghdad will fly employees there next week. Within a month, the amount of employees is expected to rise from the current few hundreds to nearly a thousand. Vise Oy, for its part, has brought almost to completion its negotiations on a major operation. However, the export manager of the company, Terho Jaatinen, said yesterday that Vise's share has diminished rather a lot in the last stages of negotiations. According to Jaatinen, the contractors have held a meeting where they concluded that work in Iraq can be resumed almost at normal levels. [Text] [Helsinki UUSI SUOMI in Finnish 31 Dec 80 p 25] 9571

CSO: 3107

BASQUES, ETA, MADRID, GOVERNMENT IN PRECARIOUS BALANCE

Political, Terrorist Problems

Paris LE MONDE in French 31 Jan 81 p 7

[Article by Jean-Marc Theolleyre: "The French Basque Country, Madrid, and the ETA"]

[Text] I. The Time of the Mercenaries

Bayonne. When will the next one take place? After the machine-gunning at Hendaye, on 23 November, of the modest bar-hotel L'Hendayais--with two dead and nine wounded --after the attack in Biarritz, on 30 December against Jose Martin Sagardia Zaldua, alias Uzurbil, killed in the wee hours of the morning in an explosion of his boobytrapped car, the French Basque country asks itself with deep concern what 1981 will hold for it. To be sure, the Biarritz affair is the kind that one might refer to as conventional or point-target. We know who the target was. The purpose of the crime's perpetrators is evident. But what were the designs of those who operated at Hendaye? Were they launching blind terrorism? And even if they had an objective, a specific target--which remains unknown--why did they decide on a massacre, why did they go after a man whom, in this region, one might have called "another Copernicus?"

Only one thing is certain: These two attacks, after many others, once again were carried out by Spanish anti-Basque commandos or by commandos controlled by Spain for whom, for a long time, the settlement of the Basque affair involves the necessity of breaking up the ETA [Basque Fatherland and Liberty Group] in this "land of asylum" which that part of Pyrenees-Atlantiques represents for them. By admitting, after the Hendaye fusillade, that their country was operating "a modest network of informers" in France, the authorities in Madrid only confirmed a situation which the facts had brought out for a long time--and they did so by using a diplomatic euphemism. In February 1979, Mr Manuel Fraza Iribarne, secretary-general of the Spanish extreme right-wing movement Alianza Popular, had already said: "In case of a revolutionary war, when it is supported from foreign bases, it is entirely normal to have perfectly integrated groups or parallel police units." A few months earlier, in October 1978, a Delta organization claimed "the right once and for all to eliminate" the Spanish Basque refugees in France.

For the past 5 years, reviewing all of the attacks committed in French Basque country, the part of the anti-Basque commandos prevails largely over what can be

credited to the autonomists of the North. This is something which the latter and those who are close to them do not fail to mention. By playing on the feelings of a local population for which, especially in the interior, the idea of the political refugee had a profound meaning ever since the civil war in Spain, they were able to believe for a long time that this situation or these statistics could work in their favor.

The decision made by France on 30 January 1979 no longer to grant political refugee status to the Spanish Basques who might cross the border hereafter in fact had a shock effect and permitted a more "pro-Basque" mobilization in terms of very strong and sometimes violent reactions and demonstrations. However, in spite of the fact that France placed 17 Spanish Basques under house arrest, with the Council of State having to order a suspension of the execution of that decree in spite of the return of some others to Spain, Madrid's satisfaction was rather short-lived even though it had welcomed "French cooperation" at that time. Things could not be otherwise since the situation basically remained the same.

In the eyes of the Spaniards, the French "sanctuary" of the ETA still exists. None of the 127 persons, who had been listed by Madrid on 10 October 1978, were ever turned over. And in the name of what could they have been turned over? It is evident that the members of the ETA, who are refugees in France, are not interested at all in going into action, that is to say, in engaging in various attacks themselves. As a matter of fact, they are very careful to refrain from any activities, just as the most determined French autonomists carefully refrain from pushing them into any action. Under these conditions, whenever one or the other person falls victim to an attack, he may be presented to public opinion as an "innocent" in support of whom one may call for aid and "demand justice."

The French government in turn could not fail to react to the increasing number of Spanish "actions" on its territory, while showing that it assures the implementation of its own laws by properly prosecuting one or the other Spanish Basque who may have been found to possess weapons or documents establishing his membership in a "movement outlawed in France."

Lengthy Continuity

The fact remains that Spain has no intention of stopping what it is doing and that it does not even conceal its intention any longer. The way in which the men behind the Hendaye shootout managed to take short leave, during the minutes following the attack, of the French control point at the Saint-Jacques bridge and to pass through the Spanish control to whom they presented themselves with their hands up in the air, asking for "political asylum" in French, provided a striking demonstration. This time Madrid rose to the challenge deriving from this scandal. Nobody was fooled by the story given out by EL PAIS according to which the men who had been released had not been the attackers but rather the escaped targets of the attack. During the short time of the incident on the spot, witnesses were able to spot weapons in the car of the "refugees"--weapons whose description leads one to assume that those were the weapons they used in firing.

As a matter of fact, this is where we find even more striking signs of lengthy continuity. On several occasions since 1975, the proceedings opened in the Bayonne

court after the assassinations of Spanish Basques brought out the nature of the teams employed. Right after the attack at Bayonne in 1977 against the restaurant of Mr Joakim Echave, the brother of Juan-Jose Echave, the authorities picked up a Frenchman by the name of Chabessier, a repatriate from Algeria, who made some interesting statements.

Mr Chabessier was a friend of Mr Moulouk Kaouane, the mainspring behind a North African Settler Justice group and, through a middleman of the latter had met a certain Ivan, a Spaniard residing in Madrid. Starting in 1975, he had been asked whether he would agree to take two persons to Bayonne who were "charged with rubbing out a Basque" who was supposed to come out of prison on Saturday night and who was then supposed to go to Yvelines. As a matter of fact, a Spanish Basque was supposed to escape an attack at that time after having been released from the prison of Pau and at a time when he was supposed to be placed under house arrest in Yvelines. That was Jose-Miguel Benarh Ordenana, alias Argala, who finally perished on 21 December 1978 at Anglet when his car blew up. In 1976, there was an interrogation of Roberto Nanni, who said he was an officer in the Italian merchant marine, right after two attacks against Jose Iturbe. Nanni had also reported about his relations with police officers in Madrid but assured his interrogators that he was only carrying out information gathering missions for them.

More recently, in December 1980--the only affair that could be completed, in other words, where a sentence could be handed down--the Pyrenees-Atlantiques court sentenced four Frenchmen from the Bordeaux area who were declared guilty as principal perpetrators or accomplices of the assassination of Justo Elizaran Sarasola, alias Periko, at Biarritz on 13 September 1979.

It was men from those circles who once again turned up in connection with the Juan-Jose Echave affair; this man was seriously wounded on 2 July 1978 in his restaurant in Saint-Jean-de-Luz, side by side with his wife who was killed. Among them was a leader by the name of Joseph Zurita, alias Jo the Moroccan, who had more or less been involved 15 years ago in the Ben Barka affair and who had been properly identified and watched. He was not arrested until June 1980 at Divonne-les-Bains. But, starting on 4 July 1978, 2 years after the attack at Saint-Jean-de-Luz, police commissioner Marcel Leclerc, at that time chief of the search and intervention team in Paris, had reported him as possibly implicated in the affair with two other men, Didier Bojon and Gaston Gerard.

But no trace has been found of those two men so far. Is Zurita's trail also going to be lost? Charged with complicity, he escaped and is today at liberty although he was charged in Pau on 17 October 1980.

The record thus is not empty even though it does lack certain elements. It is true that Joseph Zurita was not on the Basque side on 2 July 1978 but rather at Tarbes. However, one of his friends who lives in that town, a girl by the name of Jeanine Puyeo, stated that he had gone there a few days earlier, that she had rented a vehicle for him for this purpose. Zurita came but what was he doing there? A business trip. It was only for this reason, he stated, that he met Bojon and Gerard. All of this would have been fine if the investigators had not, in Malaga, found a letter from Bojon to a girlfriend dated 27 June 1978 and reading: "We are

down there for a mission enabling us to return to Spain." After that, Jeanine Pueyo was murdered at Tarbes on 6 November 1980 and another woman, linked to Bojon, met the same fate at Torremolinos.

In the light of these facts, which took as long to determine as they were difficult to straighten out, we can see that the Spainards have enough men of action available to them and that they can demand certain services from them in return for asylum and facilities which they grant them. Basically nothing is changed in this problem by the fact that these "mercenaries" operate directly for Madrid or that they act for one or the other extremist group or movement which is nostalgic for Francoism. The French Basque country remains at the mercy of further attacks.

The sentences at Pau did not dissuade those who operated thereafter. At most they forced them to replace some of their members, to modify their tactics, to engage in faster responses toward Spain in order to prevent surveillance, checks, infiltrations--in a word, the risks of an excessively long or excessively constant presence on French territory.

All of this derives from a logic developed by the "sleeping partner." Considering its situation in Basque Country, Spain--for lack of a solution--may get the feeling that the operations which it encourages or which it orders against ETA on French territory are not disavowed by its public opinion. The latter, on the other hand, with the help of the press, might well believe that, without French "assistance," the ETA could have been reduced and that it is therefore legitimate to go on eliminating the "terrorists" wherever they seek refuge, wherever they "seek to recover" and to prepare their next undertaking.

It is also possible that, in political terms, another hope is being sustained at the same time: By bringing violence to the French Basque coast, by spreading a feeling of insecurity among the population, would this not be a good way to drive more and more of a wedge between that population and the refugees and to persuade it in the long run to desire their expulsion?

## Militants Seem Disorganized

Paris LE MONDE in French 1-2 Feb 81 p 2

[Article by Jean-Marc Theolleyre: "French Basque Country, Madrid, and the ETA"]

> [Text] In the eyes of the Spainards, the ETA "sanctuary" is located in French Basque country. This region remains at the mercy of attacks (LE MONDE, 31 January).

II. A Region "Plus Something Else"

Bayonne. Whatever the Spanish reasons might be, the attacks committed in French Basque country in November and December 1980 against members of the ETA did not lead to any reactions, other than verbal ones, in the most committed circles. EN-BATA, the Basque political weekly published in Bayonne, carefully refrained from

pouring oil on troubled waters. Its most recent editorials stress only one point: Terrorism is only one side, on the side of Madrid, and it is necessary to mobilize against it. While the attitude of the French government is not exactly critical and appears to be without ambiguity, the attitude of the local elected officials on the other hand and particularly the attitude of Mr Bernard Marie, the deputy (RPR [Rally for the Republic]) and mayor of Biarritz, is particularly clear. Like most of his colleagues, Mr Marie, right after the Hendaye shootout and after the explosion of Mr Jose Martin Zagardia Zaldua's car, in the eyes of those who support the Basque cause, "lumped together" the terrorists and the counterterrorists whereas "ETA terrorism does not exist in France."

To tell the truth, the French Basque militants appear a little bit helpless. The attacks do not necessarily serve their cause, regardless of whether they are carried out by commandos of Spanish origin or whether they come from French autonomist movements. The last one of these attacks, on 26 March 1980, which took the life of its perpetrators who were busy boobytrapping, in the courtyard of the Bayonne hospital, the car of Mrs Simone Biacabe, the wife of the subprefect at that time, had a double effect. It scared even the calmest among the population and at the same time demonstrated the lack of experience on the part of those who were committing the attack and by the same token the weakness of the Iparretarak Movement ("Those of the ETA and the North") to which both of them belonged. If there was a crowd at the funeral of those sorcerer's apprentices, it was more out of sympathy for their youth and their Basque identity rather than out of approval of what they had done. As for the rest, the spring, the summer, and the autumn were not marked by any other extreme undertaking by "Those from the North."

Mr Claude Gerard, who succeeded Mr Jean Biacabe as the subprefect of Bayonne, certainly benefited from this period of calm. That enabled him, as he admitted gladly, "to get away from an excessively political and excessively police-oriented approach" and concentrate instead on "the adaptations necessary in a region which moreover has its economic and social worries plus other things." Those "other things" of course relate to "Basque authenticity." Mr Gerard is the first to recognize it after having discovered it 5 months earlier. He figured out that the French Basque country, economically speaking, is a little bit with respect to the Spanish Basque country what Brittany is with respect to France: a poor relation. And he found that recourse to the language, to the dance, to the culture, to habits constitute something like a purifying remedy for its inhabitants.

**A New Policy?**

Because of these facts of life, because of his experience as a man of that region, he decided to show himself rather than to show his police. Committed to bringing about relaxation in a climate that had been entirely too tense, he also had to go into action and to get a suitable open-approach policy out of Paris; for example, he had to "get action" on the issue of the cultural charter which had brought out so many disillusionments to the point of causing bitterness and reasons for revolt. He now has to make it clear to everybody that the delays put up by the government in responding to certain demands always were good for the political minority and enabled it to gain ground and would permit it to gain even further ground if those delays go on.

Those who are most committed to the Basque demands are very aware of this local policy change and are only glad to say that the new subprefect is a skillful man. But they in turn exploit the circumstances. The most recent attacks enable them to repeat that violence is not coming from their side, that there are no "Basque killers" and that there will always be refugees. Nobody seriously maintains that those refugees did not "do something" in Spain. At most, people try to admit that, once in France, they are no longer active members of the ETA but veterans, perhaps on half-pay, which the movement will no longer use, forced as it is to find replacements, in the long underground struggle. This is one view of things which is being debated. But there are records which point to the existence of "hiding places" in France, the location of stores with two exits, the presence, in those places, of documents dealing with the way to handle explosives, of the minutes of ETA meetings, and sometimes also ammunition and by no means negligible amounts in pesetas.

Although it is less true that a good number of refugees have jobs and work regularly, it is also evident that the companies that hire them know who they are and at the same time express, if not support for their cause, then at least sympathy for them. Who could seriously deny that in those circles where it is precisely felt that "everything that happens on the other side of the border" is for the "Aberzale" of the North, a "fabulous model," "the daily bread."

Multiple Aspirations

But a clear and realistic approach requires certain reservations. Although it is always possible to discuss the political importance of Basque nationalism--2-3 percent of the votes during the elections--even though its supporters gladly agree that, under these conditions and in the immediate future "there is nothing to fear" (as far as the government is concerned, of course), they do base their hopes on the long run, on a rally of more and more young people over the next 10 or 15 years to come. "Then," they say, "we will all be together, even if this is not what we really wanted."

Together in what? In a revolutionary action in which the truly Basque concerns would no longer be in first place and would even become very secondary? This in effect is what one must understand here. French Basque militantism today is far from its origin, in other words, from that opposition to the Jacobinism and from the laic republic, from a classical clerical right wing. The war of 1914-1918 had already modified the spirit here. Between the two world wars, the standard bearers were still men such as Jean Ibarnegaray for whom "the little fatherland" could have found its place in the big one.

Many of the leaders today were nurtured and shaped in this ideology of their fathers or close relatives who belonged to the "Fire Cross" movement at that time. The war in Spain produced a flow of refugees and the consequences of the war of 1940-1945 considerably influenced a movement which increasingly became involved in the cultural, linguistic, and scientific pursuit of its origins, a movement that responded to the widespread challenge of discovering itself and which today finds its outlet in the broadest possible sense. "We are in the process of making this moderate and conservative country run red-hot," Mr Michel Labeguerie, senator for Pyrenees-Atlantiques (UDF [French Democratic Union] and mayor of Cambo was able to say in this connection.

Thus one hears talk of "manipulations," of more or less clearly designated foreign influence, of contacts with the most remote causes, of Ireland and elsewhere. These are whispered suggestions rather than pieces of evidence. But they are just the same a part of the debate, like all those which are still being maintained and which were recently even emphasized by Mr Jean-Pierre Destrade, the socialist general counsellor, according to whom there is a racket going on in French Basque country. "Prove it!" replied Maurice Abeberry angrily; he is the lawyer of the ETA Basques. "Prove it!" he said in the same fashion, if anybody would guess that the attack against Juan Jose Echave could be due more to a settling of accounts rather than political action.

In this affair, the population is above all cautious, the kind of caution which is difficult to hide, especially among people along the coast, merchants or residents, who display an increasing lassitude while at the same time here and there they come out with profound reactions against the ETA and against the Spainards who are incapable of reacting among themselves, as the Germans were able to do in dealing with the Baader gang." On the other side, where does commitment begin? And what commitment? There is the commitment to uphold the language, to continue the teaching of the language, to foster tradition and culture. But that could involve quite different types of efforts. There are great differences between the way in which Mr Grenet, mayor of Bayonne, expresses himself and the way one or the other priest of the "ikastola" expresses himself in search for action as well as subsidies, culture as well as struggle. Among those people, the aspiration takes on a different tone, the determination looks entirely different. They are along the border, at the hinge, where political demands prevail over and absorb cultural demands but always placing the promotion of the language ahead of everything else.

In this nebulous thing which "Basquism" is, can the political minority recover the phenomenon which constitutes it undeniably? It works here and everybody feels that the real danger is here, in a region which so far has remained far from that Paris which does not always gauge aspirations correctly. The French Basque country is not the ghetto which the Spanish Basque country has become on the other side of the border. The big question is to find out whether Madrid, through its most recent attacks, seeks not so much to eliminate the individuals but to trigger chain reactions permitting it to give its Basque affair a dimension which would no longer be Spanish.

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PCF SEEN USING CONTROVERSIAL TACTICS TO ACHIEVE ELECTION GOALS

Voter Registration Campaign

Paris LE MONDE in French 27 Dec 80 p 6

[Article by Stephane Bugat and Francois Rollin]

[Text] French citizens who will be of age to vote in the next presidential election have until 31 December to register. As is customary, a number of municipalities of all political shades have undertaken information campaigns in order to lead--or bring back--into the fold of active citizenship those who have been exclused from political contests. There are some 2.5 million who have failed to exercise their franchise, more out of ignorance or negligence than as an ideological choice. These "nonregistrants" are, if one is to believe the statistics, more numerous in city workers' neighborhoods than in middle class towns, in Nanterre than in Marnes-la-Coquette, in the HLM [low-cost housing] than in luxury residences.

It is probably after having observed these inequalities, involving particularly its favorite constituents, that the Central Committee of the Communist Party decided to launch a campaign to reinforce in its own way the limited effots of the Civic Information Center (CIC). This campaign has involved particularly, of course, the townships administered by communist elected officials, notably in the outskirts of Paris. It goes far beyond the methods hitherto employed (posters, banners, tracts, appeals in the local press, etc). From reading L'HUMANITE one gathers that this unprecedented campaign supplements very directly that undertaken by the candidate, Georges Marchais. As happened during membership drives, almost every day there is an article giving "scores" achieved by such and such a town: "1,800 registrations in Sarcelles," "5,800 'new citizens' in Nanterre...." On 1 December the communist daily announced: "100,000 have registered in the communist municipalities of Ile-de-France." It added: "There is only one month left to double this figure."

In fact, communist mayors do not have to search far afield to find moral justification for such an undertaking. This is so particularly because the state exercises very little initiative in this matter and does not use all the means at its disposal--notably through the media--to impose respect for the electoral code, which stipulates that registration is obligatory. "People do not know how to proceed," exclaims Mr Rodriguez, mayor of Grigny (Essone), who adds: "They often

tell us, 'I thought it was automatic.' People's living conditions lead them to relegate these administrative questions to a secondary role. Last week in Grigny, which has 27,000 inhabitants, there were 330 failures of gas and electricity. One out of four inhabitants of Grande-Borne no longer pays rent. Twenty percent of local taxes are not paid. So people extend a warm welcome to representatives of the township who come to see them. They thank us."

However laudable its intentions, the Communist Party's campaign provokes serious controversies when the means used are taken into consideration. Mr Claude Germon (Socialist Party), mayor of Massy (Essone), relates: "Communist Party members of my municipal council have proposed that we pay investigators to go from door to door and disturb people at home. I said no. It is important that those who can do so should register, and indeed we have for some time been carrying out an information drive, and we have made things easier by setting up offices in the neighborhoods at convenient times. But we must respect citizens' capacity for personal initiative. They are adults. It is a question of one's conception of democracy."

Mr Jacques Baumel (RPR) [Rally for the Republic], deputy, and mayor of Rueil-Malmaison (Hauts-de-Seine) goes further than this, affirming: "In my township we do not practice these reprehensible and deplorable methods. Of course, we regret this rather lazy side of some members of the electorate. But as for climbing stairs to track them down at home...!"

The communist mayors nevertheless have no intention of interrupting what they have begun. The mayor of Ivry-sur-Seine, Jacques Laloe, for example, even offered municipal employees volunteering as canvassers a bonus of 10 francs for each new voter. Several elected officials for the majority coalition have decided to respond on the judicial front. Thus Mr Francis Delattre (UDF-PR) [French Democratic Union-Radical Party], member of the General Council of Franconville (Val-d'Oise), has written to the president of the lower court in Montmorency to denounce a practice which he deems illegal, initiated by the mayor of his township, Mrs. Annie Brunet (PCF): "Under the cover of good citizenship, a political operation is plainly under way. If any further proof were needed, it could be found in the choice of the three target areas, all of them favoring Communist Party lines."

At Levallois-Perret (Hauts-de-Seine), whose mayor, Mr Parfait Jans (PCF), describes himself as ever disposed to recruit "citizens ready to undertake voluntary service with highly developed civic sense," Mr Patrick Balkany, a local committeeman of the RPR, presented himself as a volunteer He found, in the process, material on which to base charges which he filed with the Paris Administrative Tribunal. In that same township, the delegate of the prefectural administration to the Voters Rolls Review Commission has decided to postpone a definitive count of new registrants because it was not possible to distinguish between registrations carried out in the town hall and those collected by volunteers.

"Registration on electoral rolls is required by law, and it is our province to see to it," is the plea from the communist side, to which is added: "Thousands of workers who are victims of the injustices of capitalism will not be able to vote in presidential elections if nothing is done within the next few days." It remains

true that Mr Pierre Sotura, first secretary of the Communist Federation of Hauts-de-Seine, will find it difficult to be convincing when he says: "The phenomenon of nonregistration is not political. We are only being of service."

## Anti-Immigration Campaign

Paris LE FIGARO in French 29 Dec 80 p 5

[Article by Bernard Brizay]

[Text] The "best defender" of the weak and oppressed, but not of immigrants. The "best defender" of the working class, but not of workers from Mali. The "best defender" of xenophobes and racists, so to speak.

The Communist Party runs the risk of being characterized by these last two epithets, despite always having liked to set itself up as "best defender".... Apparently it couldn't care less. Immigrants don't have the right to vote, and there is no reason to believe that communist voters--and others--do not applaud the anti-immigrant policies of Georges Marchais' party.

At best the Communist Party's attitude, however reprehensible, might evoke pleas of extenuating circumstances. At worst, it is nothing but sheer electioneering demagoguery.

It all began last October. The secretary of the Communist Federation of Val-d'Oise, Pierre Blotin, made statements which caused stupefaction: "We must stop immigration," he declared, "and proceed with an equitable distribution of the immigrants who are here." For a moment one might have thought that it was an isolated act by some irresponsible communist leader. Not at all! It was only the opening salvo of a skillfully orchestrated campaign launched by the PCF and soon echoed by the CGT [General Confederation of Labor].

Indeed, 15 days later, the communist mayor of Aulnay-sous-Bois (Seine-Saint-Denis), Pierre Thomas, took his turn denouncing the heavy concentration of foreign population in the suburbs and general region of Paris, and especially--according to him--in essentially communist townships. The mayor of Aulnay, furthermore, announced that his municipality would not provide lodging in HLM facilities at its disposal for any immigrants.

Early in November, the mayor of Gennevilliers, Lucien Lanternier, caused a sensation by declaring: Immigrant workers in Hauts-de-Seine will have to be housed in all the townships of the department, including Neuilly." Having learned of the sale by auction of an apartment house by the town of Neuilly, the mayor of Gennevilliers wanted immigrant families relocated there.

In support of its elected officials, the Political Bureau of the PCF called, on 5 November, for an end to immigration. "We communists say that it is necessary to put a stop to immigration, for fear of again putting French and immigrant workers out of work."

At a big meeting in Le Bourget on 15 November, Georges Marchais returned to the attack: "The racists are those who encourage the creation of immigrant ghettos in working-class suburbs. We demand an equitable distribution of these workers throughout all the townships. Rightist and socialist mayors must welcome them into their towns."

A week later, on the occasion of the fifth national CGT conference on the problems of immigration, Rene Lomet, one of the main leaders of the Central Committee, went on record in favor of a total halt to immigration.

Finally, passing from words to action, some 50 communist "commandos" of Vitry-sur-Seine, led by their mayor, Mr Mercieca, in what was referred to euphemistically as a "demonstration," ransacked a hostel for immigrants which had been established in the township, in order to prevent 300 Malian workers from taking up residence there.

The 'Courage' of the PCF

"Will we live tomorrow in France as they live today in the United States, where 'whites' set up barricades...?", the communist weekly REVOLUTION asked in its 7 November issue. The Communist Party fears that we will, and flatters itself with having "the courage to articulate this question today," adding immediately: "This is not the easy road in these times of crisis, but there is no other."

One might add a postscript on the "courage" of the PCF, which for years ceaselessly clothed itself in righteous indignation whenever the government considered setting limits on the number of immigrants to be admitted into the country. One might equally question the double-talk of the Communist Party and the CGT.

A little over a year ago, in October 1979, the CGT participated in a demonstration against two bills. One of these, introduced by Minister of Interior Christian Bonnet, was designed to regulate more strictly the entry and residence of foreigners, and particularly of immigrant workers. The other bill, drafted by the secretary of state in charge of immigration problems, Lionel Stoleru, concerned the renewal of residence and work permits.

Double-Talk

Last January, the PCF and the CGT did not conceal their satisfaction when the Constitutional Council partially annulled the Bonnet law. And in May the CGT participated in a national march to demonstrate against the repression to which immigrant workers were allegedly subjected.

Finally, in June the CGT denounced the draft of a new circular on immigration and demanded the automatic renewal of unemployed immigrants' residence and work permits. When the police proceeded, on 5 November, with the eviction of some 40 residents of the Sonacotra hostel in Montreuil (Seine-Saint-Denis), who had carried on a rent strike since 1976, the first voice to be heard against this expulsion was that of the local union of the CGT.

In other words, the PCF and the CGT are demanding today that the immigration of foreign workers be stopped--having always opposed measures taken by the government toward that end. Make sense out of that, if you can!

"We maintain the most liberal policy of all of Europe with regard to foreigners," Lionel Stoleru recently affirmed. That is the very object of the PCF's criticism today.

Whether we like it or not, the immigrant problem will be one of the issues of the presidential elections. That is doubtless the aim of the Communist Party.

## Direct Aggression

Paris LE FIGARO in French 29 Dec 80 p 5

[Article by Chauvet Leroux]

[Text] Two modern buildings, unstylish but neat, stand in an area of vacant lots, sandwiched between a stadium and railway tracks leading to Austerlitz station. Yesterday, a misty Sunday, groups of blacks were walking listlessly up the deserted street on which these buildings stand, heading toward the center of Vitry.

Vitry is the town whose communist officials led a movement, last Wednesday, to vandalize and render uninhabitable these buildings--previously used as a hostel by the ADEF (Association for the Development of Housing for Building and Metal Workers), but reoccupied since the previous Sunday by a group of 300 Malians transferred from dilapidated facilities in Saint-Maur.

In the corridors, the occupants are stamping their feet for warmth: The thermometer registers 6 degrees, boilers having been demolished by municipal commandos. "Expert work," comments Paul Berthaud, in charge of the hostel: The heaters of the three boilers were pulled out, the water feed-pipes, sawed through, and the gas pipes, crushed. The metal entrance doors were welded shut. Barriers thrown up by bulldozers remain as evidence of the aggressors' determination to block access to the place.

Michel Micheletti, regional delegate of the ADEF, caretaker of this hostel (there are two others in Vitry, belonging to other groups), estimates that the repair bill will amount to between 150,000 and 200,000 francs. Now, the Malian occupants--all from the same region, and well taken care of by their embassy--are doing their best to reconstitute their lifestyle: Inside, you see almost nothing but African dress. The electricity is back on, and in the cafeteria music is playing again. A young man in European clothes, very suspicious--he examines my press card minutely--says: "When the commandos arrived, there were some 50--out of 300--of us here. There were enough of us to intervene. We didn't do so, but some here might well become violent if we're bothered again.

### Poster Campaign

Equally suspicious, Djime Dokouri, the African head at the hostel, who keeps in touch with the Mali Embassy--with the inscrutable, authoritative air of an old

griot--forbids anyone to talk with his "children." "We shall remain calm," was his only comment, uttered in the manner of an incantation, in very uncertain French. He finally displayed a flare of violence when I went too far, as he saw it, in trying to get residents of the hostel to talk. A few minutes before, in the midst of a classical litany condemning racism, the same man had made some paradoxical statements, to say the least, alleging the hostel's occupants to have been victims of the racism in reality not of the PCF, but of the...Italians--the mayor of Vitry, Mr Paul Mercieca, having, indeed, an Italian-sounding name....

The municipality, illustrating the PCF's reversal on the problem of immigration--the same thing was observed at Venissieux, near Lyons--carried on a poster campaign in Vitry to explain that the township didn't want any more immigrants. This is another paradox in this business, when we know that 9 months earlier the same municipality had tried--in vain--to oppose the eviction from the same hostel of immigrants condemned after a strike--lasting since 1978--against rents of 300 francs a month. With a foreign population of 18 percent, Vitry is really not in a more "unfavorable" position than other communities in Val-de-Marne; and the arrival of 300 Malians from Saint-Maur, 9 months after the de facto closing of the ADEF hostel following the evictions, only restored an earlier situation: there are still 200 vacancies, compared to the number of immigrants housed there before the evictions last April.

The presence of the hostel, furthermore, apparently has not caused friction in the neighborhood. The manager of "Le Reinitas" tobacco shop on Paul Froment Place expresses pleasure at their return, while a couple of railway employees living next door to the hostel report that no violence has ever been attributed to the occupants.

Threshold Reached

The communist mayor of Vitry, Paul Mercieca, who explains his presence on the premises at the time of the commando action as aimed at cooling tempers, and who vigorously denies having led it, nevertheless expresses the opinion that a threshold has been reached in Vitry as regards the number of immigrants: In certain schools, as many as 60 percent of the children are of foreign origin--leading to a sharp lowering of standards--while 50 percent of social welfare payments go to immigrants. Wednesday's destruction represents, in his view, the very strong feelings of the populatior "Here," he concludes, "we don't discriminate between French stock and immigrants. The only thing that matters is whether they are real Vitriots--that's what we call the people of Vitry."

Were the assailed Malians really victimized merely because they came from Saint-Maur? If that is really so, it represents in every way a position recalling the racial discrimination that must have existed in local communities at the height of the Middle Ages!

9347
CSO: 3200

## ELYSEE CONCERNED WITH CREPEAU, MRG IN 1981 ELECTION

Paris LE MONDE in French 30 Jan 81 p 7

[Article by Jean-Marie Colombani: "Contradictory Pressures Working on Mr Crepeau"]

[Text] The insistence with which the Communist Party raises the issue of the participation of communist ministers in a left-wing administration is now a daily thing: Rene Andrieu in L'HUMANITE reaffirms the idea that the communists must be able to take their proper place. The assistant managing editor of the Communist Party daily is against the "flurry" of socialist responses to the clarity of the MRG [Revolutionary Left Wing Movement]. Although it is true that Mr Francois Mitterrand, as socialist candidate, comes out with his own constitutional concepts, we certainly are not forbidden to think that Mr Lionel Jospin might seize an opportunity to express the viewpoint of the Socialist Party on this subject; on Sunday, 1 February, the new first secretary of the Socialist Party will be invited to the "Press Club" of [channel] Europe 1. Mr Michel Crepeau, chairman and candidate of the MRG, has reaffirmed that "he does not seriously imagine that Mr Mitterrand could govern with Messrs Marchais and Leroy." The line of argument developed by the Communist Party is aimed at those who try to seduce the left-wing radicals; throughout the France-Inter telecast "Le duel," Mr Jacques Blanc, secretary-general of the PR [Radical Party] tried in vain to get Mr Crepeau to break with Mr Mitterrand because the latter does not say "clearly that he rejects the presence of members of the Communist Party within the administration." Mr Crepeau intends to remain loyal to the left but is the target of contradictory pressures, with some seeking to get him to keep running while others ask him to pull out of the race.

The statements by Mr Jacques Blanc on France-Inter illustrate the importance which the Giscardian assign to the significance which the Communist Party connects with the possibility of a communist presence within a left-wing government. In this way they hope to embarrass those who, in the left-of-center group, continue to say that they are leftists.

"You must urge Mr Mitterrand to say clearly: 'I do not want any members of the Communist Party in an administration,'" Mr Blanc kept telling Mr Crepeau. The latter was content with, on the one hand, reaffirming his loyalty to the left--by refusing to go back on the announcement of his pulling out of a second round of elections in favor of Mr Mitterrand--and, on the other hand, his own concept of a possible left-wing majority.

In the opinion of the MRG chairman, there are three possible majorities in France: "the right-wing majority which we have been subject to for 20 years and which we no longer want because it wastes the opportunity of France and the French people; the majority of the union of the left with communist participation, which we thought would be possible in 1974 and which is no longer possible today; that leaves us with the majority of the reform which permitted Leon Blum to govern, which enabled Mr Pierre Mendes-France to govern. That is the one that inevitably emerges for the eighties."

The insistent argument by Mr Blanc--according to him, the left-wing radical candidate is "closer" to French-style democracy than to the "socialist blueprint"--is not the only sign of interest which Elysee [Palace] has in the candidacy of Mr Crepeau. Various pressures and invitations have been addressed to the MRG chairman to get him to reverse his decision to step down in favor of the socialist candidate. Besides, Mr Crepeau could not possibly be unaware of the fact that, in the ranks of his own movement, a number of the most eager supporters of his candidacy are making no secret of their desire to see the radical family rally right after the voting. Those people--like Messrs Jacques Maroselli or Pierre Mattei, are opposed to the "left-wing anchoring" of the MRG and according to all evidence are hoping for a reelection of Mr Valery Giscard d'Estaing.

Although Mr Crepeau himself also talks of reunifying the radicals, he does not do so in the same spirit; his hope, in effect, is to add to the votes of the left by rallying around his name those people who claim to be left-of-center. Although he has, at this time, announced his decision to stand down in favor of the socialist candidate, he does so precisely in order, in advance, to discourage any pressures from Elysee [Palace].

But right away he catches it from those who think that the continuation of a left-wing radical candidacy is harmful to Mr Mitterrand. These people are recruited essentially among the deputies of the MRG; seven among them (the MRG has ten deputies), in support of their move, introduced the idea that the MRG cannot take the risk of reducing the gap between the candidate of the Socialist Party and the candidate of the Communist Party; above all they observe that Mr Crepeau has hardly managed to get any hold on public opinion and they are afraid that the MRG might be heading for certain death if its candidate gets a result close to what would be indicated by the public opinion surveys, in other words, close to one percent. Some deputies are planning to address an appeal to Mr Mitterrand if Mr Crepeau does not yield to their pressure. (The 13 senators are more cautious and perhaps more favorable to the candidacy; there are as a matter of fact three people around the candidate: Messrs Jean Beranger, seantor from Yvelines; Emile Zuccarelli, the alternate for Mr Francois Giacobbi, senator from Northern Corsica; and Francois Doubin, party treasurer.)

Future Looks Dark

Mr Mitterrand however has no intention of negotiating with the MRG because he rules out any negotiations with the Communist Party before the first and second rounds of presidential elections. But if Mr Crepeau should withdraw, there is no doubt that Mr Mitterrand would be entirely receptive and all the more open to discussion, which he would need, in case of a victory by the MRG.

For the time being however the mayor of La Rochelle does not seem to have decided to pull out. Undoubtedly he is worried by finding that the voting intentions in his favor appear rather reduced. Undoubtedly he is also worried about a situation which keeps him rather isolated; neither Mr Maurice Faure, nor Mr Roger-Gerard Schwartzenberg, for example, have spoken out to support him.

The MRG chairman remains convinced that a very good majority of militants will come out in favor of having him continue to run during the special congress scheduled for 28 February; a number among them had been traumatized by the shillyshallying of the leadership prior to the European elections and by the final decision to join the socialist slate. While a majority is convinced that the MRG's survival depends on running a candidate in the presidential elections, that candidacy--if it is maintained--could nevertheless cause a crack inside the movement, in other words, people might be drifting off to the Socialist Party. In any case, except for a rather belated breakthrough by the candidate in the public opinion polls, the future of the MRG looks rather dark.

5058
CSO: 3100

NAVAL BUDGET TO BE INCREASED BY 17.9 PERCENT IN 1981

Paris DEFENSE NATIONALE in French Jan 81 pp 168-170

[Article by Bernard Dyle: "The 1981 Naval Budget"]

[Text] The National Defense Budget was passed on 23 October by the National Assembly and on 2 December by the Senate. It is our purpose here to present the main lines of the 1981 Naval Budget, as well as speeches and questions put to the minister of defense at the three National Assembly sessions devoted to military credits in the 1981 Budget.

The National Defense Budget totals 104,433,400,000 francs, up 17.9 percent compared with the 1980 figure, while the overall budget shows a 14.8-percent increase. The budget represents 3.85 percent of the commercial gross national product (PIBM).

The Naval Budget amounts to 18,382,700,000 francs, or 17.6 percent of the Defense Budget.

The growth in the naval section is greater than that of the overall Defense Budget, amounting to 20.8 percent.

If one studies the programming of the naval section, in keeping with that used in estimates of the 1977-1982 programming law, one notes that the share of the naval section represents 18.36 percent of the Defense Budget, thereby exceeding the provisions of the law (18 percent). However, it does not reach the 1972 level (18.5 percent of the Defense Budget).

Section III, operating expenditures, amounts to 8,923,000,000 francs, or 48.5 percent of the budget. This is up 17 percent compared with 1980. This increase is essentially due to the increase in the fuel chapter (up 80 percent), which should make it possible to meet the foreseeable increase in fuel prices in 1981, while maintaining the activity of the forces.

No creation of more budgetary headings is anticipated. The maintenance chapter shows a 19-percent increase.

Regarding payment credits, Section V, investment spending, amounts to 9.46 billion francs, [illegible].5 percent of the budget. This is a 24.7-percent increase over 1980. It should be recalled that in 1980, the volume of Sections III and V was substantially the same.

The payment credits in Section V will make it possible to finance, for the Naval Air Force, the purchase of Super Etendards, WG 13 helicopters and the first planes destined to replace trainers. Concerning new construction for the fleet, the minister noted that 70,000 tons of ships will be under construction in 1981 (1 SNLE, 4 nuclear attack submarines, 2 anti-aircraft corvettes, 4 antisubmarine corvettes, 6 avison, 7 minesweepers, 2 tankers, 8 training vessels and 1 survey vessel), with deliveries spread out over several years.

Credits in chapters devoted to studies and development are mainly devoted to new generation Atlantic programs and the antisurface missile with milieu alteration (SM 39). They are up 29.4 percent.

Program authorizations amount to 12.02 billion francs, up 29.8 percent compared with 1980 (22.6 percent for the entire Defense Budget).

They are first of all devoted to new construction for the fleet and will make it possible to order the following in 1981: 1 antisubmarine corvette (No 6), 1 nuclear attack submarine (No 4), 1 minesweeper (No 8), 2 superpatras (Nos 1 and 2), 1 tanker (No 4), 4 training vessels (Nos 5, 6, 7 and 8), 1 second-class survey vessel, 1 public service patrol vessel (SP 300 No 1) and 1 trawler to patrol the southern lands.

The AP portion devoted to the Naval Air Force, deliberately reduced to avoid altering the speed of construction of surface vessels, will make it possible to have the public service planes, ensure the completion of Super Etendard and WG 13 helicopter deliveries and begin to finance the new generation Atlantic.

It should be observed that for new fleet construction, the increase is 49 percent, which will make it possible to order the construction of 17,300 tons of vessels, while the tonnage ordered in 1980 was 9,500. This effort is therefore very important. It should be compared with the level of 12,000 tons needed annually to ensure the coordinated replacement of the fleet.

Reporters from the Finance Committee and the National Defense Committee unanimously point out that the budget of the naval section undeniably shows the government's determination to make a very special effort to help the Navy catch up. The increase in program authorizations for new fleet construction and the inclusion of an article for the public service are particularly stressed.

However, the speakers point out a number of inadequacies.

Cressard observes that despite the noteworthy increase in the overall budget compared with 1980, the figures conceal a lost opportunity in purchasing power on the order of 10 percent of the budget presented compared with estimates in the programming law.

Cabanel and Tourrain hope that 4.5 percent of the PIBM will be taken as the basis for the 1985 budget and Tourrain believes that Model 2000, the Navy's long-term objective, will only be attained within a satisfactory period of time only if every year, the Navy has a reasonable increase in its budget.

Rossi and Tourrain are mainly concerned over the insufficiency of credits earmarked for maintenance of the fleet, which will not be enough to absorb the current deficit and which will require spreading out, reductions or the elimination of a number of careenings. The same is true of the price of fuel, for which purpose Bechter is asking that a new budgetary structure be provided in the next programming law so that they will be separated from Section III.

Most of the speakers at the three sessions question the government about the future of the Strategic Oceanic Force. In his response, the minister of defense specified that this problem would be the subject of studies aimed at preparing the 1982 program law.

In addition, the minister emphasized the fact that the future of the Navy is very precisely spelled out within the framework of the long-term objectives drawn up by the president of the republic in 1978 and that one must also consider the recent decision to launch two new aircraft carriers of 32,000 to 35,000 tons.

In order to respond to a question from Berest, the minister said that the first aircraft carrier will be built at Brest and that credits planned for the modernization of the Brest arsenal in view of that construction are included in the 1981 Budget.

Among the answers to questions directed at the speakers, one should particularly note the one dealing with the inadequate number of personnel and the insufficient number of naval officers, emphasized by Paecht.

The minister recognized the soundness of the question and indicated that studies underway show the need to increase the number of technical personnel and that the current number does not totally meet medium-range requirements. The best means for a slow evolution of personnel are being studied.

Given the current economic situation, the effort made on behalf of defense and more particularly, for the Navy, is particularly noteworthy and should be emphasized.

In matters having to do with the navy, perseverance is a fundamental factor. The naval Model 2000 sets long-term objectives and the 1977-1982 programming law, whose execution is ensured through the budgets, demonstrates the government's concern for keeping France's Navy on a par with its political ambitions.

Everything would seem to indicate that the utilization and development of the sea will play a prime role in the bitter and dangerous world competition shaping up in the decades to come. France, which is determined not to be a passive spectator of world affairs, owes it to itself to have the naval means enabling it to keep its place and play the role of the free power, master of its destiny, that it wants to continue to be.

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CSO: 3100

EDA PARTY LEADER INTERVIEWED BY 'VRADYNI'

Athens I VRADYNI in Greek 26 Jan 81 p 6

/Interview with EDA Party Leader I. Iliou by Titos Athanasiadis/

/Text/ The statement by United Democratic Left /EDA/ leader Ilias Iliou that he will not run in the next elections--a statement which in essence means that he is retiring from active politics--marks an event in the country's public life. Perhaps it has surprised even the cadres of the leftist party itself.

For the other parties, for the political world and the parliament, for any one man who is involved in public affairs it /statement/ was--we could say--an unpleasant surprise... For no one today can dispute the Iliou judgement, experience, modesty, prudence and responsibility--factors which made the leftist leader a key and (why not?) an indispensable cadre in the Greek House of Deputies. The framework for all this has been his humor and affable character.

Many are branding the EDA leader as "nationalist leftist." He is the most typical representative of the new left, of the non-dogmatic /left/, the non-revolutionary left, and of a left not guided from abroad.

For others Ilias Iliou has been--especially in past times--the intransigent communist who electrified with his orations the atmosphere of the Chamber of Deputies, particularly when EDA was the second /strongest/ party (1958-1961). Now he himself reveals that others were the hard-liners in his party, that he was the leader of the moderates, and that their intransigence was exactly one of the reasons he left KKE. Ilias Iliou leaves politics at the age of 76.

VRADYNI stands completely on the opposite political and ideological side of that of EDA's leader. Many times it vigorously crossed its positions with those of Iliou, always, however, with decorum and orthodox journalistic criticism. This newspaper is glad to say now that Iliou responded in kind. VRADYNI has been and is against the EDA party and political line. This, however, does not mean that it does not recognise Iliou as an experienced politician and a responsible man who has always put the national interest above politics. It is for this reason that it asked to have an interview with him--the first and certainly the last since Iliou is already retiring from politics. Moreover, the questions this newspaper submitted to him have as basis and motive the very fact that this old politician is retiring from public affairs.

Who Is Who

Ilias Filippou Iliou was born in 1904 in Kastro of Limnos in the Lesvos Nome. He graduated from the Athens University School of Law in 1925. During his student years he struggled as a member of the "Alexandros Papanastasiou" Democratic Youth against the kingdom and for the establishment of a democratic state. At the same time, he participated in the movement for the demotic language as an editor of the progressive literary magazine O NOUMAS.

He practiced law extensively, especially before criminal and appeal courts, and steadily defended prosecuted communists and other leftists. During the occupation (1940-1944) he joined the National Liberation Front [EAM] and was persecuted following the civil war and the Varkiza [agreement]. He was exiled to Ikaria, Makronisos and Agios Evstratios from 1946 to 1951 when he was elected EDA deputy of Lesvos and was freed. Since then and up to the 21 April 1967 coup he was chief of the EDA parliamentary group under the chairmanship of Ioannis Pasalidis.

He was arrested during the dictatorship and following its fall in 1974 he was elected EDA chairman with Ioannis Pasalidas having died in the meantime. He was elected deputy of Lesvos in 1951, 1956, 1958, 1961, and 1963, and of Athens in 1964 (up to the time of the dictatorship).

He has published a large number of legal, literary and political books and studies as well as translations of ancient Greek authors.

The Interview

The full text of the interview Ilias Iliou gave to VRADYNI is as follows:

Question: Sir, what was it that made you decide not to run in the next elections?

Answer: It is not about my not running in the next elections but about my not running in any election. I think that one, aware of his capabilities, should know when to quit politics in time. Because if he does not retire in time then he will experience the fate of Churchill who at the twilight of his life did not know what he was talking about. He had lost his control and his friends were forced to tell him that it was about time for him to retire. The same thing happened with [German Chancellor] Adenauer... In any case, I was involved in politics for 50 years--since 1932 when I first entered politics with Papanastasiou and since 1951 I was continually elected deputy except, of course, during the junta years. I believe, therefore, that without ceasing to be a political person in the sense I'll explain later, I am entitled to spare myself the daily work and anxiety of being at the Chamber of Deputies, something which is much more difficult for me because I belong to a party whose only deputy is myself. The New Democracy [Party] and the Panhellenic Socialist Movement [PASOK], for example, have 178 and 95 deputies respectively and they distribute the work among them. One deputy assumes the responsibility for the questionings [in the Chamber], another for the interpellations, one studies one draft law and another the other draft law, and so forth. In my case I was obligated, in order to fulfill properly my obligations to my constituents, to do all these things myself. As long as I was young I was more capable. But this does not mean that I shall not be a political person at all.

I think that through articles and speeches in public places and with advice I could give to every government and to the leadership of the opposition, even to the president of the Republic, I shall be present at the epicenter of the political activity as long as I live.

Question: Will you continue your party activities?

Answer: Of course. I have been an EDA follower since 1951 when the party was established and I'll continue to be its chairman until the elections. Then I believe they will make me an honorary chairman.

Future of Small [Parties] Gloomy

Question: Could you perhaps foresee EDA's future?

Answer: I am afraid that after the elections the future of EDA and of all other parties excluding New Democracy, PASOK and KKE will be dire and gloomy if the simple proportional [election system] is not adopted. Toward this goal I am working as hard as I can. I fear that the small parties will disappear completely. But even if they survive they will not be strong enough to support a government. These are my predictions which may sound pessimistic but such they are and I am concerned because I don't want Greece to belong to the West. The Right proclaims it and the Left realizes it--that we are being controlled, that we are in the West's zone of influence and particularly that of the great transatlantic superpower, the United States of America. When the thought passes through my mind that this superpower does not tolerate a West-oriented government to depend on the support of leftist or communist votes and when I foresee that by necessity New Democracy and PASOK, which will have an almost equal number of deputies, will depend on each other or one of them will depend on the communist support [in the Chamber of Deputies], then I am afraid that the Americans will not allow something like this to happen. In such a case, I sense the danger of destabilization of the democratic institutions, of the democratic progress however small it may be.

Question: Do you predict, in other words, that no viable government will emerge from the next election?

Answer: I do. It is said moreover that it is possible to have an "allied" government. Personally I will be glad because I think that it is about time to go through a stage of coalition governments. But I can also see the inherent difficulties as a result of the differences existing in the New Democracy and PASOK programs--for example, [the attitudes] toward EEC, toward NATO, the [American] bases and so many other issues. Andreas has given a lot of promises in all directions and I think that they will be difficult for him to fulfill. Well, I see these difficulties and I would be very satisfied about the country's future and institutions if indeed we could overcome them for one or two critical periods through an "allied" government.

Question: Did you say that KKE could perhaps support a party to form a government?

Answer: Yes, but the Americans wouldn't let it [happen].

Question: On your part, how do you see such a thing? Do you favor a PASOK government with KKE support?

Answer: /Such a government/ would have both advantages and disadvantages. The advantage would be that at last we have a communist government. The disadvantage is that KKE is very dogmatic and devoted to Moscow. I would say that it depends on Moscow. My friend Florakis would not like what I say but that's the way I see it. According to an ancient saying, "Plato is a friend but truth is a better friend." ESTIA, when the opportunity arises, does not fail to attack me but I read it anyway because it is my opium, my morphine. Well, ESTIA calls the KKE leading cadres "Moscow-bred."

Danger for Dictatorship

Question: How, then, do you think that the problem can be solved if such problem emerges from the electoral confrontation?

Answer: Let me tell you. I believe that in the end no problem remains unsolved. In the past, the celebrated Sofoulis-Sklavaina agreement of 1936 had created a similar situation. And as Trikoupis used to say, "Greece is destined to live and will live."

Question: You have cited as an example the Sofoulis-Sklavaina agreement which was later used by certain powers for imposing the /Metaxas/ dictatorship. Are you implying that such danger is also lying in wait today?

Answer: Yes, yes, I believe so. Now or in the very near future. I believe this and it concerns me. If /something happens/, the Americans with this Reagan, who for me is danger-death, is a hawk, he and his staff, Haig and others...--if something happens which is not to their liking I fear that they can /impose/ and the possibility exists that they may have ready a dictatorship which is not going to be similar to the dictatorships of Pangalos or Kondylis or Metaxas or Papadopoulos but possibly an intervention in the internal affairs of the parties and the establishment of a hard-liner who under a constitutional cloak, will play a dictatorial role.

Question: In other words, you foresee that if we arrive at such a development the worst that can happen is a dictatorship with a political cloak, let us say, but milder and more sophisticated than the Turkish, but in any case a dictatorship. Do you think that EEC would allow such a thing? Do you think, in other words, that EEC would accept it without protest?

Answer: It would not accept it uncomplainingly but it would, as a result, interrupt some political and economic relations or blockade or freeze them as was done during the Papadopoulos dictatorship. EEC will not undertake a war to overthrow a dictatorship just as it does not go to war to overthrow the Turkish dictatorship.

Question: Do you believe that it is possible for the parliament, for the political world to cope even with such a case of dictatorship?

Answer: I do.

Question: Do you then believe that the parliament can give such a solution?

Answer: Mainly an "allied" government of the larger parties can give such a solution.

Why I Became a KKE Member

Question: You are a politician who was active before and after the war. Which were the events that confounded you most up to and after the liberation?

Answer: What excited me profoundly before the war was the suspension of the constitution on 4 August 1936 and later the "no" [answer] to the Italian ultimatum. It was a "no" given as a formality by Metaxas but he could not do otherwise. During the war, on the other hand, I was confounded by the resistance of the EAM people whom I had joined as well as by other truly patriotic organizations.

Question: When and why did you join KKE?

Answer: I joined KKE after the war. I was forced into it by my anger over the sovereignty of the parastaters of the Right, by the Manganas and Soulis followers and others for their unjust treatment of the patriots who were condemned, thrown into prisons, executed, and so forth. It was then that I joined KKE. Immediately after Varkiza.

Question: Today, 35 years after Varkiza, what is your opinion about it?

Answer: Varkiza was a situation of need, because it was a treaty between two warring fronts following the civil strife which was due to the criminal mistakes of both the Right and the Left. The two sides were forced by events to conclude a treaty. But the Right did not honor its signature to the Varkiza agreement.

Why I Left KKE

Question: Were you suspended or did you quit KKE and for what reason?

Answer: I was not suspended nor did I quit. I kept away. I became a leftist of a different quality. I was influenced by a number of events in the international arena. The events in Hungary in 1956 or those in Czechoslovakia with Dubcek made me realize that my dreams as well as those of hundreds of millions of people who expected something different--an emotional tranquility if socialism prevailed--these dreams were not being realized, could not be realized. I had found out that from the moment a party assumed power and became a state it was compelled to think as a state. And, despite its ideological declarations and perhaps despite the convictions of its leaders, in the end it attains opposite results as is the case now in Poland, Afghanistan, and so on. These things made me a skeptic. They made me uneasy, raised problems. They made me a different leftist, a leftist of a different breed. Then came the repeated splits in the Greek Left. A large number of EAM--the old EAM--supporters joined even the Right.

Question: Weren't there internal causes for your leaving KKE?

Answer: Of course. My split with the party had started during the pre-junta days when I was an EDA deputy. There developed two different trends at that time--

the hard-liners with Drilakis as leader and the moderates headed by me. Drilakis believed that the policy dictated by the party's leadership abroad should be implemented without changes. We, the moderates, believed that we who lived in Greece and knew the conditions, the possibilities and the needs of the party should chart the policy and not Zachariadis or Koligiannis or anyone else.

Konstandinos and Pasalidis

Question: What role did Pasalidis play?

Answer: Pasalidis was a man of great worth. He was not a communist but a socialist. In trying to survive he would sometimes attack the leadership of the KKE-Exterior and sometimes would cooperate with it. As I said, he was a man of great merit and had almost persuaded [King] Konstandinos to avert the Papadopoulos dictatorship. Konstandinos was greatly influenced by the advice Pasalidis gave him during their last meeting when [the King] had given him the famous tobacco case full of tobacco since Pasalidis was smoking a pipe. He was also given a pipe and a pack of high quality tobacco. I remember that Pasalidis--as he told us then--had addressed Konstandinos as "my son" and that the King was touched.

Present Left and Right

Question: These days there is discussion about the Right. What is your opinion about it?

Answer: With the exception of Markezinis, Theotokis and Stefanopoulos, the present Karamanlis-Rallis Right is much more democratic and progressive than the Center Union of Georgios Papandreou in older days. The present Right has legalized communism which at that time was considered illegal. The present Right has abolished Law 375, the Third Resolution, Law 509--laws which were used for the imprisonment, execution and physical mistreatment of tens of thousands of leftist fighters. It has established the demotic language and has adopted certain institutional changes which make the Greek Right similar to that of the European countries and not a repugnant, reactionary Right under a constitutional superficiality.

Question: What about the Left? What do you think its future will be?

Answer: The Left constitutes a need. It exists in all nations and all states. It represents certain human hopes. This is a fact. And I believe that it will not cease to exist. Secondly, I believe that the Left cannot be always hard and dogmatic. You can see that it creates uprisings in Poland and Afghanistan and even in Russia itself where there is unrest and demand for the restoration of Zaharov. Also in Czechoslovakia where those who signed the "1977 Charter" are slowly being rehabilitated and are accepted into the system. I therefore believe that a change will take place in the structure, directions and objectives of the so-called Left. And this change will lead to the development of a new Left.

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CSO:4908

PCI PROPOSALS FOR GOVERNMENT REFORM

Rome L'UNITA in Italian 13 Jan 81 p 4

[Article: "Parliament and Government in the Crisis" (Reports delivered by Luigi Berlinguer and Ugo Spagnoli at seminar sponsored by the communist parliamentary groups and the Center for Government Reform)]

[Text] Rome--Today--the second day of the seminar on "Parliament and Government in the Italian Crisis"--was a day devoted in its entirety to communications and speeches relating to the reports (an extensive summarization of which we are printing on this same page) presented at this important seminar (sponsored by the communist parliamentary groups and by the Center for Government Reform) which opened yesterday at the Montecitorio "minihall."

The political, scientific and cultural significance of the seminar was underscored by the presence of the many very distinguished persons who were in attendance yesterday afternoon at the opening session. They included, among others, the president of the Chamber, Nilde Jotti, and the vice president, Maria Eletta Martini (of the DC [Christian Democratic Party]); the vice president of the Senate, Dario Valori; the minister for relations with Parliament, Silvio Gava; and the former president of the Constitutional Court, Paolo Bonifacio. Representing the PCI [Italian Communist Party] were, in addition to Secretary General Enrico Berlinguer, various members of the party leadership: Natta, Chiaromonte, Occhetto, Tortorella, and of course the group chairmen, Di Giulio and Perna. The DC was represented by the group leader of the Chamber, Gerardo Bianco; the PSI [Italian Socialist Party] by Bassanini; the PDUP [Proletarian Unity Party] by Magri and Luciana Castellina; the radicals by De Cataldo and Boato; and the independent Left by Anderlini (together with Spaventa, La Valle, Brezzi, Vinay, Carla Ravaioli, Rodota, Romano and Corvisieri). Large delegations representing the assemblies of the Regional Councils [CR] also attended, including among others Loretta Montemaggi (CR chairman from Tuscany) and Carlo Smuraglia. Also in attendance were numerous constitutionalists and political scientists (including Manzella, D'Onofrio, Cardia, Barbera, Tosi, Cheli, Barile, Spaventa, Di Ciolo and D'Albergo); magistrates; members of the legislative assemblies and other constitutional organs; the secretary of the Chamber, Longhi; and the secretary general of the CNEL [National Council for Economy and Labor], Nino Valentino.

Among the more prominent supporters of the seminar were Fanfani (who in a letter to Ingrao expressed "interest in the results" of the seminar); Bruno Visentini, chairman of the PRI [Italian Republican Party]; and Leopoldo Elia, judge of the Constitutional Court.

## I. Reforms To Make the Institutions Efficient (Report by Luigi Berlinguer)

Is the time ripe to build a modern state, with the proviso that this not inevitably equate with an illiberal and repressive state? "Yes, it is," says Luigi Berlinguer in the first report presented, "Government and Parliament," "but only on condition that many reforms are incorporated." The first condition is that all conservative attempts to orchestrate the current institutional debate be rejected, and that there be a political change of direction, a replacement of the leadership classes, and a reordering of the aims of the party-State system.

The response is therefore--and above all--"no" to the proposals for changing the system of election by proportional representation, which is the only system that guarantees the possibility of explicit and dialectic political representation to social movements which would otherwise not acquire a corporate dimension of any consequence. The response is "no" not so much to the exclusively decisionistic interpretation of the legitimate "need for government" so widespread among the people as it is to the veiled extrainstitutional aspiration to transfer the decision-making power outside the legitimate institutions and thereby diminish the role of politics and democracy.

### An Efficient Executive Branch

For an executive branch to be efficient, an adequate base of parliamentary consensus will not suffice (although it is obviously essential). Governmental reform is necessary, and reform of the prime ministry in particular; for there is today a lack of unified direction in government policy, and this is a function which cannot be delegated to the executive committee of the secretaries of the majority parties. On the other hand, the existence of monocratic elements in the exercise of power is not necessarily antidemocratic: it is sometimes a physiological fact, a factor in behalf of mediation and also of synthesis and security.

### Reduction in the Number of Ministries

What if the existing 26 ministries are decreased to only a little more than 10 in all? There are four which are traditional and irreplaceable: Foreign Affairs, Defense, Justice and (although it would be radically reorganized) Interior. We may then merge the entire economic sector into three ministries: Revenue (the existing Finance); Expenditures (the existing Budget and Treasury); and Productive Activity, which would group together the excessively segmented categories that exist today (industry, trade, handicrafts, agriculture, state participations, labor). Then there would be Communications (replacing transport, telecommunications, merchant marine, public works, highways); Social Services (health, social welfare, social security, environment); and Culture (public instruction, scientific research, cultural assets, public entertainment). It is not merely a question of numbers (which obviously also applies to the undersecretariats), for the merger of the ministries (especially since so many functions have been transferred to the regions) presupposes--besides a new concept of the forms of state intervention in the nation's social and economic life--improvements in the distribution of the various jurisdictions; in the administrative structure; and in the flexibility and efficiency of the individual entities.

## Process of Decentralization

To be sure, it is not easy to affect the existing governmental system in this manner--all the more so in that the corporate resistance is interwoven with various types of political resistance into a powerful and parasitic fabric; but it is one of the methods that must inescapably be employed in carrying out the indispensable process of decentralization. Berlinguer has suggested two others, together with a different concept of local autonomy--a concept that will make the municipality (profoundly restructured), and the polyfunctional association of several municipalities, the basic "termini" of the active administrative apparatus. This would be followed by a peripheral reform of the governmental services, which process would be centralized in the government commissioner who in each region would have responsibility for exercising genuine supervision--as prescribed in Article 124 (currently not implemented) of the Constitution--over the administrative functions performed by the state, and for coordinating these functions with those performed by the autonomous entities.

## Reform of the PA [Civil Service]

All of this necessarily calls into question the civil service as well. Its current inflexibility must be eliminated; it must be accorded greater autonomy; and it must be asked to accept greater responsibility, to be exercised primarily through the new instrumentalities of the ministerial secretary general and the mobile administrators concerned with the sector in question which receives government assistance (with the possibility of easy horizontial collaboration). With a public administrative structure focused on objectives rather than on activities, operational procedures oriented toward efficiency would be introduced and the principle of responsibility for results established.

## What Kind of Parliament?

The present structure is incapable of responding adequately to the new social demands or of discharging its joint responsibilities with respect to political orientation, supervision, or even mediation effectively. The problem is one of concretely affirming the centrality of the Parliament in the political system. Berlinguer believes this can happen only if three conditions are fulfilled: if the Parliament continues to be the privileged seat of political representation, which basically equates with party representation; if it acquires a new capacity, on the one hand, for channeling the diverse demands and dealing continuously with social pluralism, and on the other hand, for making choices and decisions with the necessary degree of synthesis and timeliness; and if the correct relationship between elective assemblies and executive branch is established--a relationship which has, among other things, been jeopardized by the abuse of the emergency decree powers, which serves to disastrously disrupt and impoverish parliamentary productivity. Several problems enter into this picture: the need for guaranteeing to Parliament its own fact-finding machinery (Berlinguer has proposed that the two chambers be provided with their own corps of inspectors); the need for decisively implementing legislative decentralization (it is the lack of comprehensive reform legislation that leaves so much opportunity for the corporate fragmentation resulting from the "minilaws"); and the problem of reducing the number of members of Parliament (which is not only a reform whose time has come but would represent a message of great value to the nation).

Unicameralism and Bicameralism

Then there is the problem of the existing Chamber-Senate structure. "It is a crucial problem, one whose solution cannot be avoided or postponed," Luigi Berlinguer emphasized, pointing out that even the president of the Chamber, Nilde Jotti, had called the nation's attention to this question and emphasized that it is not possible to continue under the pure bicameral system which has already been superseded elsewhere. There are several options: the unicameral system; a system based on the differentiation and complementarity of roles; a system based on a horizontal distribution of functions; and transformation of the Senate into a chamber representing the regions or the autonomous institutional entities. The question has not yet been faced, however, with the necessary determination and concentration, although it becomes increasingly obvious that certain facts are inescapable: the need for simplification of the legislative process; the inseparability of the control function from the orientational and normative function; the need for concentration of resources and structures; and the importance of the role of the autonomous entities.

This much is clear, however: the present situation cannot continue. Do these new ideas require a process of constitutional revision? Because of their commitment to the struggle for the defense and implementation of the Constitution, the communists have always viewed with caution and even with suspicion proposals of this nature, in the fear that the replacement of one brick would cause the collapse of the entire structure. Today, however, at a time when the structure seems perhaps to be more solid but with more than one brick obviously suffering from old age, the communists are not retreating in the face of the possibility--or the necessity--of amending the Constitution. If one must go so far, however, the question has to be faced with greater decision and determination--in other words, with the intention of imparting to the reform the tempo and structure that are typical of the action of a constituent assembly.

II. Modernization of the Internal Affairs of the Two Chambers (Report by Ugo Spagnoli)

The report presented by Ugo Spagnoli on the subject of reforming the parliamentary bylaws had as its "point of departure" the current institutional crisis. It is a crisis reflected with increasingly serious consequences in the organization and operation of the two chambers, which must be provided with a more rational and modern form of organization that will at the same time safeguard democracy, pluralism, and freedom of decision. The proper course is to work--not by means of limited revisions but by effecting organic changes, some of which are already formulated or are under study by the appropriate committee of the Chamber--within the framework of the basic decisions embodied in the bylaw reform of 1971, with the goal of achieving maximum development of the potentiality of the innovations embodied in that document, which would be adapted to meet the new requirements. The primary objective is to create the conditions for effective planning of the parliamentary labors.

What if the government does not cooperate? What if the requirement of unanimity for all decisions by the group leaders proves to be obstructive? The chairman would be given the role of mediator, to be exercised through the presentation to the assembly of a draft program which will take into consideration requests from the minority as well as those from the majority. All the groups will express their opinions, and on the basis of these opinions the chairman will submit a definitive proposal of his own to a vote.

## The Permanent Committees

One of the prerequisites of this new course of action consists of the restructuration (and numerical reduction) of the permanent committees, of which there are at the present time 14 in the Chamber and 12 in the Senate. The present structure corresponds to that of the ministries, with the result that sectorialism is aggravated, corporative alliances are formed among individual committees and ministries, and inflexibility is engendered. Parliamentary reform could stimulate a parallel reform (also whose time has come) of the structure of the ministries. There is already a not unrelated proposal to reduce the number of committees to 10, with a view to achieving four results: 1) a legislative production of higher quality (resulting from a greater capacity for resistance to sectorial pressures and therefore to the "minilaws"); 2) a streamlining of the procedures for obtaining a committee recommendation; 3) a reduction in the accumulation of duties and tasks of the members of Parliament; and 4) elimination of many of the bicameral committees, to which recourse is quite often had precisely for the purpose of avoiding the paraministerial action of the regular standing committees of the two chambers. This would, however, entail a more continuous effort on the part of Parliament, and the elimination of the instances of interference with the parliamentary labors conducted on the floor. Should there be a break in the continuity of the legislative sessions? The arguments in favor of this are not very convincing: rather, an even greater effort is indicated. The parliamentary mandate should entail a greater, and more continuous, commitment as compared to other political commitments.

## Putting an End to the 'Microlaws'

The way to prevent intrusive microlegislation (for which the government bears a fundamental responsibility) is to develop a selective ability to favor reform laws--laws concerning principles and orientations--and in practice to strive courageously to decentralize the legislative function and shift it in the direction of the regions. We cannot place our trust in political resolve alone: it is essential to formulate criteria for achieving greater selectivity in the delegation of legislative authority; to make better use of the screening committees; and to exercise closer control with respect to the compatibility of legislative measures with policy decisions.

## More Expeditious Debate

How can the legislative process be conducted in a manner more in keeping with the imperative that the necessary dialectic (or even obstructionism, which however is primarily reserved for the major issues) not be debased to wearisome squabbling? At the same time, in the interest of the legislative process it is essential to reduce drastically, and without delay, the duration and number of speeches made both during general debate and during the study of the individual articles of proposed legislation. In a half hour (and under special rules, in a quarter hour) it is possible to say everything that is necessary--or even more than is necessary.

## Control Over the Decrees

A more complex problem--one which moreover has not yet been comprehensively dealt with in the bylaws--is the problem of controlling the issuance of emergency decrees with a view to preventing abuses. It is necessary to provide preventive instrumentalities for exercising stricter control with respect to determining the real need

for, and urgency of, these governmental measures. Spagnoli has in mind a decision by each chamber as to their constitutionality; the government would be unable to make them the object of a vote of confidence in the Parliament (by absolute majority), and in the event they are adjudged to be unconstitutional the conversion law would be stricken from the agenda. Another basic change--after rejection of the thesis of the nonamendability of the decree--would be to eliminate the ideological fraud of the "single article" (into which the government frequently incorporates measures that are actually quite complex and articulated), and to allow the government to base a vote of confidence only on the individual articles of the decree rather than on the sole criterion of conversion. Finally, as a means of damming the flood of decrees, provision can be made for the Chamber to assign emergency status to routine legislative proposals submitted by the government and thereby ensure for these proposals a shortened period of legislative inquiry.

'Yes' to the Secret Ballot

The communists are resolutely opposed to elimination of the secret ballot on legislation, or in any other case where the bylaws prescribe it--not only in order to allow each member of Parliament to express himself in accordance with his conscience but also to ensure a continuing and genuine verification of consensuses. For similar reasons, revision of the rules concerning votes of confidence is impracticable. If anything, some aspects of the rules contained in Article 116 could be debated, with a view to eliminating certain provisions that appear to be superfluous and redundant. What is needed is not elimination of double voting (by roll call and by secret ballot) on decrees which the government has made the object of a vote of confidence but rather a streamlining of the procedures by waiving any explanation of amendments that will have no chance of passage.

Genuine Information

The two chambers do not at present have adequate instrumentalities for this purpose. The sometimes disappointing results produced by the fact-finding committees also stem from the fact that those committees have not been able to avail themselves of sufficient specialized personnel. Unicameral fact-finding operations--which are more flexible--should therefore be intensified, even in the case of the standing committees. Certain significant innovations should be introduced, however. Spagnoli revived Pietro Ingrao's idea of introducing the possibility of devoting a weekly session to a direct give-and-take exchange between the prime minister and the assemblies. The proposal will be formalized by the PCI at a meeting of the rules committee.

The Moral Question

Parliament cannot remain aloof--even if it must resort to direct measures of intervention and reform--from the great debate in behalf of measures to bring about a profound moralization of public life. Among the most urgent and trenchant of these measures are: 1) enactment of proposed laws to modify the system of financing political parties and to institute disclosure of the assets of elected and other public officials; 2) reform of the procedure for criminal indictment, including the necessary constitutional reforms whereby only the crimes of treason and violation of the Constitution would go to the Court of Inquiry and all other crimes would go to the regular courts; 3) revision of the institution of parliamentary immunity; and 4) institution of strict standards with respect to parliamentary conflicts of interest.

Spagnoli--in concluding his report--warned that the centrality of Parliament is achieved and defended by demonstrating that in the first place, the two chambers are able to reform themselves in respect to their functions and their structures, first and foremost in the interest of democracy. This result can be attained only if a broad unity of intentions is formed around these objectives, and only if responsibility for the more general problems relating to governmental reform is assumed by a strong movement.

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## 'CRISIS' REPORTED IN CGIL-CISL-UIL FEDERATION

Rome LA REPUBBLICA in Italian 17, 18-19, 21, 25-26 Jan 81

[Article by Maurizio Ricci: "What Is Happening in the Factories? Inside a Conflict"]

[17 Jan 81 p 27]

> [Text] Symptoms of break between grassroots and summit indicate need for change in direction. Trouble breaks out in union. "In 1980," says Bentivogli, "we spent the last few pennies of our inheritance of 1968." Meeting attendance going down (averaging 20 percent in Varesotto), membership card applications slip, increase in demands for referenda running counter to agreements already arrived at.

Milan. "In 1980, we spent the last few pennies of our inheritance of 1968," says Franco Bentivogli. In declaring the end of an epoch, the successor of Pierre Carniti is now heading the metalworkers in the CISL [Italian Confederation of Labor Unions], that FLM [Federation of Metalworkers] which for 10 years has been the spearhead of Italian labor unionism; looking at it from that angle, the hot autumn looked as if it would never end. But it is all over and done with; the few scraps which Bentivogli is talking about are scraps of pennies of credibility. There is grumbling in the factories; this is not a storm, nor is it a revolt; but it is an ever more explicit and widespread challenge to the union, largely pertaining to its demand strategy, the way it acts outside and inside the factory. The workers often do not confine themselves to grumbling, they simply drop out, they leave the union. Making the rounds of the factories in the north, talking to the labor unionists, to the members of the factory councils, to the people as a whole, you get the impression that the trouble and the disaffection of the supervisory personnel, technicians, clerical employees, which exploded in recent months, is only the tip of a bigger problem: the dull rumble which can also be detected among the workers. Today they have little confidence in their union.

What is happening in the factories? At Marghera, the council signed an agreement which approves an output bonus for productivity; everybody is assured of 10,000 lire--the rest remains to be seen. How much is productivity going to have to go up? That is not spelled out in the agreement. How much could wages go up?

There is talk of something like 20,000 lire but the agreement does not say that either. The meeting torpedoed the agreement, opening up a very bitter debate. "If the workers here at Marghera today can pick the agenda of a meeting, they eventually would get around to criticizing the labor union," observed Enrico Marrucci, head of the economic department of the PCI [Italian Communist Party] in Veneto; he had for many years been the official in charge of the industrial zone of Marghera. Marrucci was against the agreement. But men who were in favor of the agreement, such as the socialist Alfredo Chiesura, the section delegate at Petrolchimico, arrived at the same conclusion. Proof is furnished by the mass resignations; out of 7,000 members, the CGIL [Italian General Confederation of Labor] alone got 700 membership cards back.

Is this an abnormal case? Is this a badly-handled conflict in a difficult factory, traditionally rather wild, which systematically rejects nationwide or enterprise contracts? While the people at Marghera are guilty of pragmatism, the labor union elsewhere is guilty of ideologism, seeking shelter behind barriers that are impenetrable to plain good common sense. The case of Termoli is not so much traumatizing as it is ridiculous. In response to the proposal not to work on Christmas Eve and New Year's Eve, but instead to work on two corresponding Saturdays, the labor unionists came up with a firm "no." But they were routed by a referendum among the workers.

The symptoms of a breakup between the grassroots and the summit but also between the grassroots and the factory council are widespread and persistent. Over the past 5 years, the FLM has lost 23,000 members in the province of Milan. This year, 1,800 metalworkers did not renew their membership. Between 1977 and today, in the entire industry, the CGIL lost 11,000 members in Milan. Meeting attendance is declining drastically; this is true to a lesser degree in the big factories with long-standing fighting traditions but it is more obvious along the periphery. In Varesotto the average attendance is 20-25 percent and at the OM in Brescia it is 35-40 percent.

If the labor union were a ship, the control panel in the engine room would be all lit up red. At first sight it is difficult to figure out how great this failure is but there is enough trouble to go around and to pull the emergency signal. Identification between the worker and his union is declining. As an institution, the labor union has been running things much longer than any other organization. "This is perhaps why the drop is so vertical," observed Marrucci. This was seen during the days of the earthquake also in the midst of a massive solidarity drive. When it came time to sign the sheet to support the victims, the workers, rather than the labor union, at Varese gave money to "Prealpina," the newspaper, or Channel 3 of private TV.

The breakup here is expressed by the lack of confidence in the union's ability to attain its objectives. "At Olivetti," Renzo Canciani, UIL [Italian Union of Labor] metalworker secretary in Milan told us, "they worked out an agreement which calls for a cooling-off period of 2 years; for that period of time, there will be no drop in the output bonus. Just 2 years ago, this sort of thing would have meant the end for us here, on the podium. But now, the workers at the Crema establishment went home quite calmly, trying to figure out how to get their individual raises." This year, 350 workers at Alfa in Arese, simply dropped their FLM membership cards and all of them are young workers who were hired by the factory over the past 2 years.

Sometimes there is a note of suspicion. Canciani again tells us that, recently at Grundig, after an avalanche of strikes, 300 employees out of a total of 450 submitted a petition. They declared themselves ready to sign an agreement dealing with the unemployment fund which the labor union had tenaciously rejected. But that is not all; they also asked that the promoters of the petition participate in the negotiations with the company. They were included among those sitting around the conference table during the last several phases.

Varese, Crema, Marghera, Grundig, Alfa Brescia, Termoli. Taken one by one, each of these red lights can be explained and turned off. But, together, all of them represent a problem and point to the need for a change in direction. But in what direction? The labor union is now beginning to ask itself that question but the workers have been asking themselves that question for quite some time now.

[18-19 Jan 81 p 26]

> [Text] Labor union's agreements with administration and Confindustria [General Confederation of Italian Industry] are under attack. Workers now go out to defend their pay envelopes. The DP [Proletarian Democratic Party] referendum on liquidation will be a "bombshell"; a flood of yes-votes is expected. Strikers are tired; at Alfa, they put in 1,300 hours in 10 days.

Over the past 10 years, Alfredo Barbieri, PCI section secretary at Arese, tells us, a worker put in 1,300 hours of strike time at Alfa Romeo. But itself, that figure means nothing; but, looking at it closely, we realize that the worker at Alfa on the average lost a day and a half of pay every month for 10 years. This is a wage "tax" which at first sight looks insupportable. But it did become just that in the long run. Years of inflation taught the worker to look very carefully at his pay envelope and to keep all threats to its size far away, at least those threats over which he himself could exercise control.

Strikes are one of those things. "In the factory," said Marino Gamba, FIM secretary at Brescia, the heart of white and CISL Lombardy, "they are sick and tired of striking. Always for the same things, for working hours, nationwide; for working hours on the factory level; for holidays, nationwide and then in the factory. In summary, they ask, is striking all we can do?"

"Too many struggles which did not pay off," the Alfa delegates explained during a talk. A good portion of the 1,300 hours of strikes involved things in which the workers no longer believe or on which, according to Milan UIL metalworker secretary Canciani, the workers are no longer ready to risk a single lira. The union's big demand policy decisions are in trouble, starting with the decision which the labor unionists call the first part of the contracts; the request for data on the strategy of the enterprises, control over investments, over the policy involving orders. This is a pivotal point of the labor union's new powers.

At Genoa, where the working class is referred to as "the loyal one" by labor unionists and where industrial policy problems are felt directly during reorganizations, they still go out on strike in connection with those issues. But that is no longer true in Milan. "We are not going to get a single hour of strike time now on the issue of data and investments," says and old worker of FOIM [Federation of Those Employed

in the Metallurgical Industry], a socialist and a member of the Alfa Factory Council, a fellow by the name of Melada.

Concerned above all with defending his own pay envelope, the worker has opened up another defensive front, making charges against another aspect of labor union policy involving agreements with the administration and Confindustria which he feels only result in more taxes, more negotiations, more trouble. This is why the referendum promoted by DP to cancel the agreement that freezes severance pay is unanimously considered "a bombshell"; there will be a flood of yes-votes in the factories and repudiation of the labor union has begun.

"This is a fine kettle of fish," says Sandro Antoniazzi, CIS secretary in Milan. "Facing them with a choice between a little more money in a short time or lots of money right away--and I would really like to see what they are going to decide on." That is a correct observation but it is obviously also useless; here we have all of the ingredients for a big labor union defeat. "If they come here to Marghera," says a delegate, such as Alfredo Chiesura, "everybody will sign." At Alfa in Arese, the factory FIOM official, a communist, is on the signature collection committee. And even those who are worried about the referendum in the end have nothing nice to say about the unions.

"We should have had a wage reform but we did not do that," Melada blurts out. "And we have forgotten all about pension reform. To get your pension, you have to wait 2 years and in the meantime you have to live on your severance pay. Of course, you are going to take very good care of it." And what did the labor union do? It was tossed between a thousand uncertainties and hesitations; there was one idea (CGIL) which called for freezing severance pay, but putting a 10-year seniority ceiling on work. Barbieri dismisses it outright: "We cannot accept a wage cut."

The referendum on severance pay seems to stimulate the wage memory. "Another fraud, like the one involving the BOT [treasury notes?] for the wage freeze we are not going to put up with," says Chiesura of the Petrochemical Union. "They came here and they described the idea in general outline but not in detail; the terms, the interest rates, etc. Nobody was able to figure out what it was really going to mean. Instead, people want to see very clearly, right away, how this is going to affect their pay envelope. It does no good to argue that, if we do not take care of this ourselves, the government will. The same applies to that fairytale of the 0.50 percent; it is not clear, it is not well-defined, and it goes only in one direction. What are the other social categories going to do?" Chiesura is a socialist and, nationwide, the socialists are in favor of the 0.50 percent contribution. Many metalworkers in the CISL are thinking the same.

In other words, when it comes to defending the pay envelope, the workers refuse to allow the labor union to make the decision. And the labor union is risking its future on the issue of the pay envelope. Sergio Garavini, a communist and CGIL confederation secretary, is quite aware of that: "You are not just talking about wages; but if we do not start with that, nobody is going to follow us." And the workers know that, in addition to defending their pay envelopes, something can be done to increase them. Behind the big and bitter debate on wage levelling and a return to professional standards, there is the push of the white-collar employees and the skilled workers who are sick and tired of equal wage hikes for everybody. And there is more.

About a year ago, looking at his pay envelope, the worker found that it was a good idea for him to put in some overtime. Scores of small and medium enterprises--without a single hour of strikes, without and sometimes against the labor union--signed agreements which called for wage hikes in return for overtime, better work attendance, and higher productivity. A dialogue had opened up between the worker and the employer and it simply skipped over the labor union. That dialogue is still going on. In the big factories, the rate of minor conflicts definitely went down, absenteeism declined very often below 10 percent and as much as 8 percent at Alfa and 5 percent at Fiat.

In an atmosphere such as this one, a labor union reduced to "strike gymnastics" and a continuous run of demands, has had it. Listening to the protagonists of this wave, the men of FIM-CISL, is like listening to Den Xiaoping and Mao. "We are always negotiating contracts but we never follow through," says CISL metalworker secretary-general Franco Bentivogli. "We have become a machine that puts out policies and programs," explains Brescia FIM secretary Marino Gamba, and the moment we have worked out an agreement, we right away start drafting a new platform or policy and we promptly forget what we had written into the agreement." Who remembers that the 1976 metalworker contract called for a contribution for "social expenditures" including kindergartens, schools, and transportation? Here and there, we did something for transportation but most of the time it all was just on paper.

From that viewpoint, we no longer have the blue-collar worker and the white-collar employee with us. The labor union's top leadership seeks to adjust itself. But, in making this turn, there are those who wind up out of kilter: the factory council, the delegate from that viewpoint were enhanced.

Lama: 'Montedison Is Another Fiat Case'

Rome. The layoffs announced by Montedison "are a new Fiat case." They are even worse because the 8,000 workers who were laid off come from many factories scattered all over Italy. These are harsh words which CGIL Secretary-General Luciano Lama wanted to include in his address to the conference on organized cooperation held by the PCI. Lama on the other hand also observed that the manpower reduction will enable the Foro Bonaparte group "to have only a temporary financial breather."

His remarks were echoed by Gianfranco Borghini, member, National Directorate, PCI, who yesterday intervened to oppose the layoffs and to ask the administration to oppose them firmly. The tactic chosen by Borghini is to start the entire Montedison process all over again. From the crisis of this chemical giant we emerged with a recovery plan, with the chemical plan, but also with the recapitalization of the group. In that last operation "public share ownership must at last play its role fully," thus, it seems, rejecting the blueprint for turning the group over to private control.

The atmosphere is entirely different in the case of Alfa Romeo. Here, the factory did not request any layoffs but lengthy recourse to the unemployment fund: 32 days with zero hours for 12,000 employees, two-thirds of the labor force at Arese. By Easter, Massacesi wants to cut the establishment's output in half to get rid of the stock of 17,000 unsold cars. The response of the FLM is somewhere in between. On Friday, the company supplied the labor union with the documents on the unsold stocks; on Wednesday, the FLM will discuss the situation with the factory council.

Here is was decided to give Massacesi the go-ahead, allowing that he did not tamper with the statistics and the reasons for the sales failure, except for a check within a few weeks. In practice the FLM would be opposed only if it were sure that the company wants to end up with a real cut in plant personnel. For the time being however Massacesi remains a conversation partner one can trust; negotiations for the overall contract were not interrupted. They will be resumed Thursday.

[21 Jan 81 p 24]

> [Text] The enterprise council machinery is also stuck. Labor union structure crumbling in crisis involving more than 300,000 activists. Machinery shows some signs of fatigue; it no longer gets directives and it is no longer a point of reference for the workers. Decisions are often made in a mechanical manner: "sometimes these are Byzantine things which do not get us anywhere." And somebody said rather dramatically: "This is the Weimar of the labor union."

The last general council meeting of the Brescia FLM opened with only half the membership and ended with less than one quarter. For the first time, the others preferred to stay home. The union's structures are crumbling; after many years of spontaneous militancy, the CISL metalworkers recently, at a conference, rediscovered the importance of activism. "A precious asset," is what Lombardy FIM Secretary Stoppini called them. In the factories, the situation often is no better; when it came to replacing the council, Alfa at Arese had trouble finding people ready to run for the job of delegate and delegates ready to join the executive committee, the summit of the labor union organization at the enterprise.

A Vast Army Without 'Base'

The labor union machinery in summary reveals symptoms of disease and collapse. In recent years, it has become a gigantic machine. The unions themselves only a short time ago made a survey and the statistics are surprising: 15,000 full-time officials, 80,000 activists who work for the union at least 10 hours per week, 215,000 delegates scattered over 30,000 factory councils. Today, that army of 300,000 persons has the impression of marching into a swamp. It knows that it does not have the rank and file behind it automatically. It gets no directives. "The labor union no longer has a line, it is no longer a point of reference," is the comment that is heard from Arese to Marghera and to Genoa.

The old methods will no longer do. Especially after what happened at Fiat; the workers no longer want to run any risks. The old line does not wash any longer either. The times of the "policy of sacrifices," moderation in exchange for reforms, investments in the South seem far off. A labor union cannot afford to fail achieving concrete results. "People do not join the labor union out of faith but because it is a useful tool, because it does the job," said Franco Bentivogli, CISL metalworker secretary, just recently. People in summary today want a specific and immediate counterpart: wages, environment, job security.

This seems to be the natural terrain for labor activities. Instead, things are getting complicated. For example, because the employers in fact respond with just a single phrase: we want more productivity. And they do not stir from that position.

For the labor union, that terrain becomes slippery. It can draw back and allow the workers to go it alone, individually and that is the road of incentive. It can say "no" and it can start trench warfare. It can try to get on top of things and negotiate for a productivity policy. In the small enterprises, where there is no union quite often, we have the first line. But in the medium and big factories, the choice is between the other two. But this is often a dead-end street.

Around the negotiating table at Alfa in Arese, there was an exchange of words between Melada and Pariani. In the opinion of Melada, a skilled worker (fifth level), a FIOM socialist, who often talks slang, an old worker, these "FIM" youngsters, these diplomats and bourgeois, who regularly shuttle to the left, are never pleased. Hunched over the table, he says: "We have a crisis here. Pariani, this is a crisis; we cannot go forward with the state which each year pockets 100 billions; we must increase productivity; we have understood that now and the workers have understood it also." And he thinks: in the foundries, combined work groups and shift rotation are things of the past; some people have a heavier work load but everybody had some relief, moving from the third level to the fourth level.

Young Pariani, with his red whiskers, a sixth-level worker, in the planning office, thinks: in the assembly division, you people do not want the combined groups any longer either. He looks at Melada and laughs. And that look tells him: "Here is this fellow Melada; the boss put one over on you again this time; he will increase productivity by replacing the equipment but wants elbow grease as a basic victory."

'Few Decisions, Many Compromises'

The debate between the two members of the executive body is calm and often rather jocular. There is no animosity even in the allusions. But on that disagreement, the factory council has been paralyzed for many months; it discusses but it does not decide anything. Mediation bounces back and forth from the council to the provincial union and back again to the council. The entire machinery gets stuck; in Rome and out in the field, where it is more broken up, on the issue of productivity or some other issue, the labor union does not decide. In the privacy of the executive groups, it does draft sophisticated compromises. "We are professionals," observed Marino Gamba, "and we are accustomed to negotiating; but negotiations are Byzantine things which often do not lead anywhere. Even at best, people do not understand this." And he shakes his head and goes away or the whole thing falls apart, as at Marghera.

"In Rome they spend their time talking among themselves but even now the factory councils are absorbed in the daily chore of negotiating within themselves, in the search for a compromise. If they do not work it out," observes Gamba, "they send the whole thing up to the provincial committee and the latter passes it on to the national committee." "We have arrived at the Weimar of the labor union," he concludes.

While the worker rank and file falls away and stays away from the meetings, sometimes even dropping out of the union, the army of militants is marking time in the swamp, in the frustration of getting nowhere. For many of them, the dispute has already become a diagnosis: the labor union does not decide, it does not come up with a line because it is divided and it is afraid of carrying its divisions to the outside; to do that would mean breaking up labor union unity because it would mean that each group would rely only on itself. But we cannot stay in place.

In the factories likewise, where it was born, labor union unity seems to be crumbling. The countdown has begun. And the outfit that started counting first and faster than anybody else is well known although in recent years it has more or less stayed all by itself: it is the biggest worker party, the PCI.

[25-26 Jan 81 p 29]

> [Text] The purpose is to bring the direct voice of the party back among the worker rank and file. When Berlinguer leap-frogged Lama. PCI offensive makes trouble for union. "The communists are no longer operating within the confederations but along a parallel binary line. This is a very tough test for us. The labor union runs the risk of continuous splits," says Mazzetti of FIOM. The most recent trouble spots: the 0.50 fund and the D'Urso affair.

It appears that an authoritative communist senator, in talking to a labor union leader, observed musingly: "I do not know why but whenever I run into one of you, one word comes to mind and that word is obsolescence." This is nothing more than a cutting remark by a man known for his sarcasm, a man who is often quite ferocious. But, 3 years ago, that remark would have seemed out of place whereas today it really cuts deep. In reality, the Communist Party at least since last spring with determination launched an offensive in the factories and in the unions. The signal was given by a meeting of communist political and union officers at Ariccia. The action outlines were indicated there: very tough debates against the practice of equal wage hikes for everybody, something which sacrifices large groups of workers, like the most highly skilled workers, the technicians, the supervisors; pressure upon CGIL to get it to do what it is supposed to do by skipping the filter of the united federation, its own precise appearance in the factories and, therefore, a campaign against FLM whose unity-oriented membership recruiting drive prevents the communist metalworkers from making their own explicit political choice among the three confederations; decision directly to return the voice of the PCI to the factories by revitalizing the party organizations.

"Since then," comments Milan UIL metalworker Secretary Renzo Canciani, "the communists are no longer acting within the labor union but along a parallel binary line, intervening directly as a party." Even at the cost of clashing with the labor union! This was seen on the occasion of the proposal of the 0.5-percent solidarity fund, the bitter debate against the FLM decision to join the International CISL (at Livorno, 37 labor unionists tore up their FLM membership cards). On the day of the D'Urso kidnapping, communists and socialists faced each other inside the CGIL with very harsh words. "And often," observed FIOM Genoa Secretary Antonio Mazeetti, "the chambers of labor skipped us directly with violent documents directed against the line of the Socialist Party."

The terrain chosen is not only the terrain of general policy but also of demand strategy in the factories. At Italsider in Genoa, the agreement achieved in FLM on working hours fell apart because of the internal opposition of the communists. At Marghera, many were ready to swear that the outline of an agreement on the output bonus, tied to productivity, was torpedoed on orders from the PCI. "This is pushing dissent too far," commented Enrico Marrucci, the official in charge of the economic department of the Veneto PCI. "It is the Stalinism of the others."

"As a matter of fact," admits Alfredo Chiesura, section delegate at the Petrochemical [Federation], a socialist, "it would not have taken much to persuade the workers to say no."

In summary, many workers were thinking like the PCI and the PCI was thinking like many workers. Seing that the Communist Party is the biggest worker party--Marrucci commented--we do not understand what there is so strange about this. It is furthermore inevitable that there should be some kind of harmony between the party and very many labor unionists who are card-carrying Communist Party members. But the problem does exist; it comes up when the party withdraws its delegation from the labor unions and resumes control over its own autonomous initiative. In making a choice between what the labor union says and what the party says, not everybody follows the latter. But some do. "At Alfa, but not only at Alfa," says Canciani, "the preferred decision-making place is the section." "If the activist, my functionary," complains Mazzetti, "no longer responds to the organization, to the FLM, to the FIOM, but rather to the party, then the break is inevitable."

This cumbersome and fearful conversation partner is making his presence felt ever more. The PCI has been increasing the number of its factory cells in recent months. Lombardy party secretary Gianni Cervetti denies wanting to create a structure parallel to that of the labor union. "We want exactly the opposite," he told the PCI's regional worker conference. But at Alfa in Arese, the section is about to be reorganized in the form of detachment committees. "To give us greater organizational flexibility," explains secretary Alfredo Barbeiri. This reorganization however means that, in the detachments, along with the labor union delegate, they are also going to have the PCI committee.

"This is no ivory-tower decision," admits the socialist Canciani. "At a moment when the labor union is falling apart, it is natural for the party to become the point of reference." The dynamism of the communists as a matter of fact only adds to the paralysis of many labor union structures. When everybody went back to work after the Christmas vacation, the two communist sections at Alfa Romeo, "Fiocchi" (Portello) and "Ho Chi Minh" (Arese) sent a letter to all communist members to explain the status of the dispute on the overall contract and what the possible developments might be. "Today we are sending a letter to the members and tomorrow it will be a flier," they commented during the factory council meeting.

The reactions to the resumption of initiative by PCI in the factory are alarming. "It is a mistake," observed Mazzetti, "to try to regain hegemony by relying on organizational strength rather than consensus. There had never been any anticommunism at Genoa but now the situation is turning around." The PCI may be risking isolation but the labor union is risking the loss of unity. At Alfa, a separate agreement was worked out recently on work organization in the foundries. FIOM and UILM signed the contract but FIM-CISL did not.

5058
CSO:3104

## CGIL-CISL-UIL PROPOSALS ON TAX MEASURES, EARTHQUAKE AID

### Tax Measures

Rome RASSEGNA SINDACALE in Italian 27 Dec 80 p 60

[Article: "Trade Union Proposals in Response to Government's Tax Measures"]

[Text] Rome, 16 Dec--The secretariat of the CGIL, CISL, UIL [Italian General Confederation of Labor, Italian Confederation of Labor Unions, Italian Labor Union] federation met with the secretariats of the regional federations of Campania and Basilicata to examine progress made by trade union efforts in areas stricken by the earthquake.

The united federation first of all reconfirmed the assessment--of sharp dissent concerning method and merits--expressed on 12 December concerning the tax measures adopted by the government. These measures were taken without any kind of contact with the trade union and remain unacceptable because of their objectively inflationary nature and because they are unilaterally directed at the incomes of dependent workers and of the lowest income masses. But they are also affected by a point of view that is to be rejected since it completely ignores reliable verification of damage suffered by people in the areas affected by the earthquake, and formulation of clear economic, social, and therefore financial, objectives concerning the necessary reconstruction and rebirth of this fundamental area of the south. The united federation, in fact, reemphasizes that the foundation and justification of the effort--certainly a very large effort, which must fall upon the entire national community including the world of workers in order to make possible an authentic development for the regions damaged by the earthquake,--should be the following guarantees: The certainty of objectives to be followed once they have been defined with the determining cooperation of the people involved and of the public institutions representing them; and the democratic contact between social forces (and first of all with the trade union organizations) in conformity with suitable instruments that would ensure the most equitable and most effective (from the point of view of national economic development) participation of all citizens in financing reconstruction, as well as to permit timely expenditures and the coordination of individual aid.

Instead, regarding the needs dictated by the emergency, the government can bring together the means needed to guarantee full government aid to the areas stricken by the earthquake, both by reviewing the destination of large amounts of unused

funds which have accumulated at central administration and regional offices, and by reviewing the priorities of the national budget.

The united federation therefore repeats that the measures issued on 11 December should be changed. The increase in the price of gasoline must be reviewed, or at least it must be considered that this price will absorb any further increase or change in the price of crude oil during the coming period. With the cooperation of the trade unions, there must be a definition of regulations to protect the poorest consumers from indiscriminate increases in electric power rates. And finally, there must be full respect for the understanding reached with the trade union movement on the principle of implementing, beginning in 1981, changes in the income taxes paid by dependent workers that would at least protect them from a further drastic reduction of their real wages. The modalities of this review should therefore be immediately specified in agreement with the trade unions.

Only beginning with such substantial changes in the government's economic choices and within the framework of an overall examination of new government directions in the 3-year development plan--which should adopt as a new point of reference the reconstruction and rebirth of the areas stricken by the earthquake--can exceptional measures for financing the work and reconstruction in Campania and Basilicata be adopted. The united federation is ready to make a comparison between its proposals and those of the government and with those of the political forces on this point too. In fact the united federation thinks there must be no incompatibility between immediate initiation of some reform of the tax system and the adoption of measures that would assure a large short-term flow of funds. This reform should start with a more intense effort against large-scale tax evaders which will increase government income in the medium term. (It should include an authentic inheritance tax and changes in regulations governing taxes on capital). Regarding the funds, the united federation believes that consideration should be given to a national loan, perhaps on the basis of an index, and of resort to foreign loans, as well as possible resort to an additional tax on all income for a limited time only, once there has been a halt, beginning in 1981, in the effects of inflation upon the taxes paid by dependent workers.

The secretariat of the CGIL, CISL, UIL Federation, in agreement with the secretariats of the Campania and Basilicata regional federations, has therefore asked for an urgent meeting with the government to secure a precise answer to these fundamental points and to determine the general points upon which the necessary meetings with the budget minister and other economic ministers should be held in conformity with legislative objectives and the instruments of the program of reconstruction and development in the areas stricken by the earthquake. It seeks meeting with the labor minister in reference to the experiment in the Campania and Basilicata regions with the national "employment" service and the mobilization of all unemployed labor in these regions for reconstruction and rebirth.

The secretariat of the united federation furthermore has decided to ask the democratic political parties for a meeting to be held soon to verify reciprocal points of view, commitments and hoped-for agreement on developing a program of reconstruction and development in the earthquake-stricken areas, on protecting the power of direction and control by the people in those areas and by their local agencies, and on the instruments of economic policy that should be adopted to guarantee the maximum efficiency and timeliness of public aid.

The secretariat of the united federation appeals for the broadest mobilization of workers together with meetings and demonstrations, so that their demands and initiatives may be most rapidly accepted and in order to avoid any delays by the government. Furthermore, it intends to promote the broadest information program for the workers and the trade union cadres concerning the results of the coming meetings and concerning their overall action of solidarity and struggle for the rebirth of the earthquake-stricken areas. This also was the reason for the decision to hold a meeting of the executive committee of the federation by early January in order to proceed to an assessment of further decisions to be made.

## Earthquake Relief

Rome RASSEGNA SINDACALE in Italian 27 Dec 80 pp 61-62

[Text] Rome, 17 Dec--The preparation of an organized project of reconstruction and change of the economic and social system of the earthquake-stricken areas is to be considered within a process that will inevitably be complex and which will require considerable time. At present there is a lack of data and analysis of the real situation, a survey of the capabilities and resources to be mobilized, the definition of objectives toward which to direct recovery according to precise priorities.

It is necessary, therefore, to equip ourselves to plan aid during the emergency that would have the double aim of preventing a situation in which there are spontaneous processes that can be obstacles to development, and at the same time creating conditions that this will take place under favorable conditions. Within this framework, the immediate use and exploitation of local human resources, together with an organized mobile labor force available from the area surrounding the earthquake areas, acquires specific importance. These forces, which still must be counted individually, should become actively involved in the progressive elaboration and achievement of the overall project.

In order to avoid any kind of colonization and to initiate a self-propelling mechanism, it is necessary, however, that the active components of the population acquire as soon as possible professional, organizational and administrative abilities. For this purpose they must provide precise contributions of training, reconversion and professional specialization. On the institutional level, making the totality of such aid practicable involves:

(a) Extraordinary measures for the Campania and Basilicata regions linked along general lines which the united federations expressed in regard to Decree Law 760. This cannot represent only an opportunity to create a prototype for a model of service for employment, which can be proposed on the national level, but a necessary and urgent initiative to immediately achieve a system of united administration of the labor market which would be effectively decentralized and flexible, such as to guarantee solutions appropriate to the exceptional problems that have arisen in those areas. Therefore, the regional employment commission should be established now. It should have general powers and authority that the trade union has demanded for such an organization and they may be broadened for the emergency. In addition, provisions should be made for coordination between the regional employment commissions of Campania and Basilicata.

On the level of implementation, the commissions should adopt new operational structures (observatory and agencies of labor, as was described in the trade union proposal, authorized to undertake the tasks of placement, of a labor census, --bureau of vital statistics--but also of other functions involved in labor policy) overcoming any bureaucratic red tape and adding resources wherever they are found (universities, research centers, public agencies, etc.). In this phase of initiation of the experiment, there could also be direct involvement of the capabilities, the knowledge, the very organization of ISFOL [Institute for Professional Training of Workers].

The planning activity of the commissions and their real powers of decision must be spelled out not only in relation to labor supply but also in relation to demand, to avoid a situation in which the market would be reorganized in a more unbalanced and distorted way than in the past, according to a savage logic of adjustment.

On a priority and urgent basis, the regional commission should define the territorial framework within which the sectional committees will work and regulate the mobility made necessary in the direction of the earthquake-stricken areas. This process of mobility must tend to utilize the broadest available labor forces, particularly the youth, on the basis of precise plans of aid beginning from the emergency phase, the first reconstruction, up to the realization of integral development projects, while guaranteeing the development of services and sociocultural activities for the reconstruction of the human and social fabric of those communities.

(b) Measures directed toward promoting activities of programmed professional training, in ties with the regions, within integrated projects. The participation in training courses thus inserts youth into a circuit opened with the acquisition of professionalism on various levels and is concluded with actual employment. Within this framework there should be the maximum enhancement of work training as the most suitable instrument for professional qualification in relation to opportunities provided for in the projects.

Objective criteria should be decided upon on the basis of which selections for training will take place. Certainly to be considered among these are: Family responsibilities, the income situation, the amount of schooling and training related to the level of the profession to be achieved, seniority of application.

Within the framework of training activities to be promoted, restrictions should be placed on the police so that they will not intervene by forcing local labor into tasks of untrained labor and unskilled work, but they should be committed, even through the establishment of mobile training centers, as organizers in relation to their own initiatives and to others carried out by private enterprise. The objective is to tap resources for the promotion and exploitation of abilities existing on the spot, for the constitution of potential that can be expended in new and widespread initiatives of enterprise involving associated labor.

The possibility of paying an indemnity to supplement income for youth in search of first employment, as was established by the united federation, falls within

the authority of the regional commission for employment, once new instruments of control of the labor market, as demanded earlier, are established.

(c) Extraordinary and urgent legislation in support of cooperative initiatives that would provide initial capital. If this is the basic condition, it is nevertheless not sufficient to promote the effective development of experiments supplied with organizational, administrative, and technical abilities, which alone can guarantee the possibility of meeting market conditions and quality of products and services offered. If we do not wish to once more create false hopes, the cooperation, particularly of the youth, must be supported by a series of consultative and aid services by the institutions that are best qualified in this field: The PS [State Participation ministry] and the cooperatives.

On the other hand, this kind of work seems today to be best suited to the administration of collective services (aid for the elderly, for children, for educational, recreational, socio-cultural initiatives, various surveys...) and of urgent productive activities particularly in agriculture (protection of livestock and crops) and in building trades (for example creation of rank-and-file infrastructures).

(d) Establishment of a public fund renewable on a yearly basis, whose administration must be entrusted to the regional commission for employment, to meet the financial obligations deriving from: Creation of new organizations; achievement of the process of mobility (supply of necessary services such as transportation, food and lodging for the labor force involved, which are guaranteed also in case of activities carried out by private enterprise which would operate in the earthquake-stricken area with the restrictions of absorption of local labor); promotion of associative and cooperative labor.

6034
CSO: 3104

CDA FAVORS VAN AGT AS PARTY LEADER

Rotterdam NRC HANDELSBLAD in Dutch 12 Jan 81 p 1

[Text] Today the CDA Board will appoint Prime Minister Van Agt leader of the list of candidates of the CDA [Christian Democratic Appeal] for the elections for the Second Chamber next May. Van Agt is the only candidate for this position.

The CDA party council must confirm Van Agt's appointment on 31 January, the election congress will then definitely appoint him leader of the slate of candidates on 21 February. Opposing candidates can be nominated by the chapters.

Yesterday faction chairman Lubbers came out openly for Van Agt's candidacy on VPRO [Liberal Protestant Broadcasting Station] television. In this manner he let it be known that he is not a candidate himself. Certain groups, including some members of the CDA Second Chamber faction, are promoting Lubber's candidacy.

The nomination of Van Agt who indicated his availability on NOS [Netherlands Broadcasting Foundation] television in the summer of last year during a voyage through Indonesia, will be decided today in meetings of the CDA Presidium, the Party Board, and the so-called reinforced party leadership which includes representatives of regional boards.

It is well known that Van Agt does not like parts of the energy paragraph of the draft of the election program. Not too long ago in a New Year's Eve television program he called the proposed exclusion of the construction of new nuclear energy plants "ill-advised."

Van Agt alluded in intimate circles to the possibility of his registering reservations to this part of the program if it definitely rejects nuclear power plants. CDA chairman P. Bukman discussed this point on several occasions with the prime minister.

Another difficult point for Van Agt is that 10 members of the present CDA faction want their objections to the installation of new nuclear medium-range cruise missiles on Dutch territory mentioned in the election program.

In December 1979 the Dutch government promised NATO to decide before the end of 1981 about admitting the missiles on the bases of a number of conditions, such as arms limitations agreements with the Warsaw Pact.

10319
CSO: 3105

CDA ELECTION PROGRAM FORESEES NO ECONOMIC GROWTH

Rotterdam NRC HANDELSBLAD in Dutch 13 Jan 81 p 3

[Text] CDA [Christian Democratic Appeal] Chairman Bukman believes that the economic growth expectations in his party's election program will be in the neighborhood of zero percent. The draft of the program is still mentioning 2.5 percent. Van Agt, who was yesterday nominated to become the leader of the CDA slate of candidates by the CDA Board, does not find this realistic. With 74 out of 90 votes the so-called reinforced CDA party board nominated Van Agt to lead the CDA list in the elections (there were 13 votes against with one abstention). After approval by the party council on 31 January, the congress of 21 February will have to approve this choice.

Faction Chairman Lubbers was not a candidate for the number one spot on the list of candidates, according to him in order not to endanger party unity and because there should be strong reasons to "change horses" after somebody has been slate leader and prime minister.

Chairman Buckman declared that Van Agt "is willing to go ahead with the CDA election program," but he did not exclude Van Agt's withdrawal as leader of the list of candidates because of the definitive wording of the election program. Lubbers expects that Prime Minister Van Agt will wholeheartedly devote himself to the definitive CDA election program. According to Lubbers, it is the Chamber faction which appoints the party's future negotiator in coalition discussions.

CDA Chairman Bukman emphasized again that the point to be considered in the elections is not the record of the cabinet but the election program. Whether certain reservations of candidates for Chamber membership regarding parts of the program are acceptable will be decided by the party government.

The most important bone of contention between Van Agt and the draft of the program is the subject of nuclear energy. Van Agt wants to build more nuclear power stations, the program wants to wait for the results of the social duscussion and solution of the waste problem.

Van Agt and the draft of the program agree that a decision on the stationing of new medium-range missiles on Dutch territory should only be taken toward the end of 1981 after consultation with our NATO allies. The PvdA [Labor Party] and a number of CDA chamber members believe that this subject outht to play an important part in the coming cabinet formation.

Van Agt's objections against a possible rejection of stationing new nuclear arms on Dutch soil, to be decided by the CDA congress in February, will probably lead to complicated situation, according to Bukman. The CDA chairman expects that the longer the formation of a program takes the more difficult it will become to postpone a decision.

10319
CSO: 3105

SQUATTERS' MOVEMENT TENDS INCREASINGLY TOWARD ANARCHISM

Amsterdam ELSEVIERS MAGAZINE in Dutch 13 Dec 80 pp 20-23

[Article by Coen van Harten: "Squatters' Movement in Rudderless Amsterdam Doomed to Acts of Anarchism"]

[Text] In Amsterdam lack of clarity--for squatters as well as home builders--has led to a nebulous vacuum which allows the squatters' movement to develop into a rabble of anarachists who mean business. In Maastricht and Groningen clarity was obtained by different means. The squatters' movement there is considerably less violent. If Amsterdam were ever to come up with a clear-cut policy, it would probably be too late.

"Organized groups of squatters do not exist. Every fool can say that he belongs to one (and they are saying that). I am sometimes mortally ashamed of statements made under such pretenses (also including myself to some extent). Organized groups of squatters are simply individual squatters or at the most a very small group of them. In squatters' meetings some persons say more or speak with more influence than others. Their names are for instance Ted, or Leonard, or Jack. If an unknown person proposes something nobody listens or his proposal is turned down. If a 'leader' proposes the same thing he is taken seriously."

We borrowed this description of the squatters' movement from DE KRAAKKRANT [The Squatters' Journal]. It is not the only profile of the squatters' movement written by a squatter which shows that this "organization" presents an ideal opportunity for action to politicians. Somebody with a little skill in agitation propaganda can shape a squatters' group like a ball of modeling clay. The ideas of such an aspiring politician with ambitions should of course conform with the current practices of the squatters' movement. "What else can be done to harass certain individuals? A gift action like the one against Bakker (owner of the building complex De Grote Wetering in Amsterdam which was recaptured by the police) appears rather senseless to me. Such action can nevertheless become effective if it is done on a permanent basis. If every day you order a taxi at the house of somebody who uses taxis a lot, it will become impossible for him to get any more taxis. Pamphlets can be handed out in the neighborhood or near business establishments, or a picket line set up in front of somebody's home. One could telephone a person when he is in bed and ask: 'Why do you want your property cleared by the police?' Garbage bags can be placed in front of businesses. Two persons can be brought in

contact with each other by sending them telegrams in name of the other person, this causes them to telephone each other. Please use your imagination. There are enough possibilities. See to it that things happen more often than just once. That would have no effect."

The squatters' movement cannot claim to have a scientific bureau which devises plans of action. However, this distracts nothing from its dynamic character. All that is needed is to bundle the existing energy. An authoritarian leader can really make it in the smaller world of anarchist squatters. To prove this we quote again from the KRAAKKRANT: "People decide on the fate of other people in hierarchic surroundings. In our circles it is a little less pronounced than in society as a whole, but there is a tendency." The top of the squatters hierarchy can effortlessly be reached by somebody with 3 feet of books on politics on his bookshelf, these books should deal with: conquering and organizing power. In almost every political movement things are cut and dried, but not in the squatters' movement. Power is virtually up for grabs. A vague realization of this fact can sometimes be read in the columns of the squatters' publications. The fear of infiltration and for traitors is great. "Watch out for traitors! Do not let them deceive you! The worst traitors are rightists disguised as leftists, they are worse than the rest, avoid them like the plague," writes the autonomous squatters' group of Huize Chaos [Chaos Mansion] in Amsterdam. It is a political movement but, as yet, without a power structure. The squatters' movement is a political movement.

Squatting can be a nonpolitical act, a form of self-help as regards housing. But because squatting is prohibited by an article in the General Police Ordinance it is intrinsically a form of political action. A confrontation with the police discourages people who are looking for a place to live but it attracts anarchists who are seeking action like a magnet; in Germany such persons are called Krawallanten. The street terrorism on the day of the eviction in De Grote Wetering was again a striking example of the above. The history of the squatters' phenomenon in our country is already an indication of the political leaning of the squatters.

The Provo [Provokers] movement came with its plan of White Houses, the Kabouter [Gnome] movement had its alternative housing bureaus. Both political movements, therefore, had unmistakably (ridiculous) anarchist characteristics. When the Provo and the Kabouter movements disappeared, anarchists of all backgrounds lost their political homes. At any rate they could no longer consider themselves members of a broad movement. Not one anarchist group in our country rises above the level of circulating stenciled messages. Provo and Kabouter followers looked for a haven in parties like the PPR [Political Party of Radicals] (Roel van Duijn) and the PSP [Pacifist Socialist Party], two action parties with deep sympathy for unconstitutional political action. They have elements which delight cryptoanarchists. Without the assistance of any established political party an extensive, nationwide squatters' movement emerged. In its social isolation, this movement performs spontaneous anarchist activities. Without prior study of theories, it embarked on the real thing.

"At 10 o'clock, we took off for the Grote Wetering with buckets of glue and posters. Near the city hall we smashed windows and threw paint bombs. On the Keizersgracht we passed the PvdA [Labor Party] regional office: more of the same." (We are

quoting from an article in a special edition of DE KRAAKKRANT captioned: Conquest of the Weteringschans). It shows that bourgeois parties are in low esteem with anarchist squatters. PvdA and CPN [Communist Party of the Netherlands] are rebuffed in every flirtation with the squatters' movement. In Amsterdam, Polak and Schaefer are denounced as sponsors of real estate speculators. The PvdA has hardly any means to exert influence on the squatters' movement. The CPN has some influence. The Anti-Speculation Committee dominated by communists likes to be called a squatters' group. However, to most anarchist squatters this group is open to suspicion. The CPN (it is indeed part of the city government, for as long as that may last) was originally squarely opposed to squatting. The communists were the first to recognize the anarchist characteristics of the act of squatting. But this orthodox method of taking distance threatened to make it impossible for the CPN to keep in touch with the action in the neighborhoods. Renters' committees (the CPN has always been interested in them) entered into loosely organized forms of cooperation with squatters groups. Consequently the CPN changed its point of view. Since then DE WAARHEID has the nicest things to say about the squatters. However, the squatters' movement has moved too far into anarchist practices to be accessible to communist doctrines.

"Here 20 meters of metal fence were demolished and thrown across the street, tiles were dug up and a barricade emerged. Then with about 150 men to the Stadhouderskade. Near the intersection with the Frans Hals Street we pelted the ME with rocks, paint, garbage bags, and smoke. Then in the direction of the Hobbemakade where we pelted an ME boat. (...) That was nice, we did it just right. With a group of people to the Rozengracht where we threw a construction shed and pieces of fence on the street. Holes in this barricade were plugged with lumber, rocks, and whatever came handy. We repeated this procedure 20 meters farther and put everything to the torch. (...) All kinds of office slaves rushed to the scene to save their cars parked between the barricades, by driving them over the sidewalks." This is a quotation from DE KRAAKKRANT which reflects what this type of anarchism is coming to. There is a similarity with the philosophy of the Baader-Meinhof gang: because of lack of support from the "people" that group came to the conclusion that German workers had become bourgeois and were therefore part of the enemy. Anarchist squatters also despise the "working masses." They desperately sense that they have lost all goodwill and denounce every nonsquatter as the enemy, as "office slaves" (perhaps also victims of the housing shortage) and renegades who want to save their automobiles.

"Monday evening. We are going after Schaefer himself. We take a smoke bomb out of the refrigerator. First a dry run. Everything is in order. Mrs Schaefer and a lady friend are at home. We went there by bicycle. One of us ignited the smoke bomb. Big detonation, much smoke. Followed by a couple of rocks. Bang, bang, we left the scene at full speed. Another detonation followed by a terrible mass of smoke. I was able to take a look behind me. Splendid. (...) Rocks through the windows of Schaefer, City Renewal, AGO, DIKS, and the Housing Bureau, tires of guard automobiles were slashed, really too much! One decides for oneself what has to be done and selects one's own means." More information can be found in DE KRAAKKRANT which also contains instructions for "the perfect crow's foot," smoke bombs, sabotage actions with used oil, soluble glass, paint, and ice picks.

Amsterdam, slow in making up its mind, missed the chance to prevent the squatters' movement from spreading the above-described terrorism in the streets, its most appropriate form of action. A few other cities were more successful. Last year Maastricht came with an additional police ordinance which makes squatting illegal. Places occupied by squatters are swept clean as soon as possible. This happened on several occasions. The change in the General Police Ordinance was made in conjunction with compulsory registration of vacant premises and requisition arrangements. Persons who squatted before the change were allowed to stay unless the owner could show an official eviction order. The proposals were adopted by a city council with 12 PvdA members including two PvdA supervisors and one squatter. City Hall describes the squatting scene in Maastricht as "distinctly less grim than in Amsterdam. Everybody here knows what he can expect. There is clarity."

In Groningen there is even more clarity. The Practical Squatters Group Groningen operates there; anarchist squatters consider it a communist invention to make squatting more bourgeois. The municipality makes city owned houses available to "squatters" (prior to renovation, for instance). The date of termination is agreed upon in advance, and the "squatters" adhere to it. At the moment 25 houses are so occupied. It is a firm rule that police reports on cases of squatting must also contain the story of the squatters. Clarity from the local government, but also from the squatters: The legal position of the PKG [Practical Squatters Group] is rather strong because the group belongs t the Geus Foundation. A spokesman for the city calls the present situation "very workable." But he admits: "from the very beginning there were squatters who looked upon the PKG as an extension of the municipal government."

The Squatters' Organization Groningen (KOG) is such a group, not to mention groups of "wild squatters." Anyhow, squatting activities in Groningen are made to flow through certain channels. It minimizes the possibility that anarchist incidents like the ones in Amsterdam will occur. Nevertheless the office of the mayor of Groningen was invaded and occupied during an eviction case. Groningen's city hall has also another explanation for the difference with Amsterdam: "We have definite plans for the future development of the inner city."

This is not the case in Amsterdam. Squatters would welcome such a plan, and project developers would too. Both the municipality and real estate owner Gerard Bakker blame the situation around the Grote Wetering on the absence of definite plans for the future. There is no clarity at all in Amsterdam. Under such nebulous circumstances, squatters take the law in their own hands, using hammers and crowbars, using rocks and smoke bombs.

10319
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ALBEDA WARNS AGAINST INCREASE IN WAGES

Rotterdam NRC HANDELSBLAD in Dutch 12 Jan 81 p 1

[Text] Minister Albeda (Social Affairs) warned employers and employees again not to let wages go up more than 5.5 percent in 1981. In a letter to the Foundation of Labor he declared again that he would probably intervene in separate collective labor agreements if labor conditions are agreed upon which appear to be undesirable given the bad economic situation.

The minister says that he will be purposeful in his policies. It means that he will keep a sharp eye on the development of labor conditions in separate collective agreements.

Contact

If a situation arises with a wage increase higher than the average increase in collective labor agreements reached up to that point, the minister will approach the parties in question about their action. It is his point of view that wage increases exceeding the average increase, disregarding the price compensation of about 1 percent, cannot be tolerated in principle.

There will also be no room for wage improvements to limit the loss of purchasing power projected for 1981. That is, according to the minister, not possible under the present conditions.

He will also keep a sharp eye out for improvements in labor conditions which may not lead to an increase in the wage sum, but contribute to increased wage costs. In this connection he is especially thinking of extra vacation days.

Analysis

In exceptional cases, improvements can be allowed if they contribute to a better functioning labor market. In this connection, Albeda is especially thinking of an increase in bonuses for dirty and heavy labor, solutions to bottlenecks in the job market, training activities, and expansion of the possibilities for time-sharing work.

Divergent labor conditions will be carefully analyzed. Such analyses will be done in mutual arrangements with the partners of collective labor agreements. In such cases, the minister will promote new agreements in accordance with the principles of his policy.

If his efforts remain without results Albeda will prescribe wages or labor conditions for certain employee categories, he will then apply the amended Article 10 of the Act on Wages (which empowers him to intervene in separate collective labor agreements).

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ECONOMISTS DRAW SOMBER PICTURE OF 1981 ECONOMY

Amsterdam ELSEVIERS MAGAZINE in Dutch 3 Jan 81 pp 12-18

[Four prominent economists, Dr. G.M.V. Van Aardenne, the minister of economic affairs; Prof J. Weitenberg, deputy director of the Central Planning Bureau; W.E. Scherpenhuijsen Rom, chairman of the Board of Directors of the Netherlands Middle Class Bank; and Prof F. Hartog, of Gronningen, give their views of the economy for 1981: "The Bitter Pill for 1981, New Year's Wishes from Four Top Economists"]

[Text] The consciousness is breaking through in broad circles of our population that, viewed economically, with the entry into the 1980's the Netherlands will have to fight harder from a weakened position for its existence. No false election-time predictions fit into this growing awareness of reality, but rather more forceful economic policy, more courageous politicians, and collective effort rather than group egoism. Then it really will go well, according to four prominent economists in their New Year's predictions in ELSEVIERS MAGAZINE.

Dr G.M.V. Van Aardenne, Minister of Economic Affairs:

"No Fatalism, but No False Predictions, Either"

In the economic area, the year 1981 will not see us out of our troubles. Based on the expectations of international organizations like the OECD, the EC, and the IMF, world commerce, which is so important to our country, continues to afl in 1981. Perhaps over the course of a few years there can be some recovery of commerce in the world if there are no escalating international political complications and if no new big shocks in the field of oil prices occur.*

But unfortunately we cannot expect essentially greater impulses from the world economy to affect our country beyond the very weak stimuli which came from there during 1980.

* At the time this article was written, the results of the OPEC Conference at Bali were made known. The increase decided upon there by OPEC signifies yet another negative factor for world commerce.

On the longer term, the global energy situation remains the Achilles' heel of an again attractive economic growth trend. To be sure, the current oil supplies of the industrial countries are extensive and new oil discoveries are not unthinkable, but it is indisputable that the economic expansion of the Western World in the 1980's is still extremely vulnerable in the field of energy supply and energy prices. Therefore, high priority must be given to an internationally coordinated effort in the area of conservation and diversification to energy sources other than oil.

In any case, it seems perverse to me to assume that the growth rate of our economy will be higher in the next few years than the 1 to 1.5 percent per year that we have achieved on the average since the first oil crisis.

In my opinion, there is not a chance for an increase in the national income of from 2 to 2.5 percent on the average for the next few years. The requirements for that kind of growth just have not been met adequately.

It is impossible to avoid the fact that for the time being there is no sign of a structural improvement in world trade. But it is also certain that the conditions for the rate of growth to increase again must also be improved domestically in many respects. The meat of the matter here is still to reinforce the position of industry, which is exposed to international competition. There are many indications that this position is weak, and that is slowly being recognized by everyone. There even threatens to be some dulling of the impact of the various reports pointing out the disturbing position of industry, which is wrestling with drained profits, discrepancies on the labor market, and reduced financial reserves.

In my opinion, many underestimate the seriousness of the situation, perhaps in part because of this dulling process.

The resistance of Dutch industry in general really has dwindled to the extreme. Any further abuse of this resistance would cause our prosperity to disappear in a dramatic manner and at a great rate, cause our social security provisions to collapse, and make our unemployment problems completely insoluble.

I must warn emphatically, therefore, against false predictions with relation to the chances of an increase in our real national income in the coming year. Too ambitious expectations and/or assumptions in that area hold the danger that once again industrial growth would be divided up in advance and then never come about. That in turn would eventually hurt the position of industry, which would completely remove the basis for a recovery of our economy.

Even achieving the moderate rate of growth that has been seen in the years since the first oil crisis, on the average 1 to 1.5 percent per year, will pose us an enormous test of strength in the coming years. Only with utmost effort by all members of our society can this test of strength be achieved with any chance of success.

In that framework, it will not be possible to avoid further stiff alterations in the collective sector. In various respects, that forces a reconsideration of the extent and composition of collective expenditures.

In the area of incomes in the private sphere, too, further limitations will be inevitable. The motto for the coming years in the sphere of collective expenditures and private incomes can really not be anything other than that of "slice it again so it will fry better." Not until industry comes to have sufficient elbow room again because of this and because of more effective governmental policy will we be able to succeed on the long run in:

--improving our prosperity and keeping up our social security provisions;
--forcing back unemployment substantially;
--facing the gradual decline of our supply of natural gas;
--reducing the enormous budget deficit of the government and the extensive balance of payments deficit.

We are facing a period which can be decisive for the future course of events in our economy and thereby for the social and societal conditions under which the coming generations will live.

There is no cause for fatalism or for crippling pessimism. The opportunities are still available to us to work our way out of the deep valley in which we stand. For the Netherlands, 1981 is also an election year. In the light of the above, it seems to me that a sense of reality with respect to what is possible economically is necessary to the creation of election programs in a full-grown democracy like ours.

Therefore, my wish for 1981 is that all the groups in our society subordinate their partial interests to the common interest of an improvement in the starting position of our economy, in particular of industry.

Prof J. Weitenberg, Deputy Director of the Central Planning Bureau:

"Somber, but not Hopeless"

The expectations for the 1980's have never been excessive, and not only because Orwell cast doubt on the continued existence of the world. It was clear from the start that these would be difficult years for our economy. After all, our energy balance had reached its peak and could only get worse. To the extent that that was true, the burden on our balance of payments under the heading of energy could only increase. It was also known that the balance of payments would be burdened because the extensive investment programs of the early 1960's would come up for replacement. It could also already be seen after the first explosion in energy prices that our economy would be hard hit by that, even harder than our neighboring countries. Indeed, it was clear that energy prices, which have become so much higher in the meantime, would compel an adjustment of the production structure, and in fact the moreso to the extent that this production structure was more energy intensive. Our production structure is quite energy intensive, thanks to oil refineries, petrochemistry, metallurgy, but also thanks to our building glass towers and to our extensive transportation sector.

Finally it was known that there would come an end to the stagnation of the labor supply. During the 1970's, the labor supply did not rise or barely rose, primarily as a result of increasing participation in education and as a result also of an intensified exodus from the labor force but to the disability provisions. Sooner or later this was going to have to come to an end, because limits of saturation apply here, too. Furthermore it could be expected that married women would come to participate to an increased degree in the labor supply. On the basis of all of this, it could be calculated that the annual increase in the labor supply would again comprise 40,000 to 50,000 man-years, as was the case in the 1950's and 1960's.

The past year has made good all of the somber predictions for the 1980's, if not exceeded them. In the last weeks of 1979 it became clear that a second explosion in oil prices was in the making. In comparison to the average price level in 1979 (about $19 per barrel), raw oil prices have risen this year [1980] by 70 percent and in the meantime have already risen to $34 per barrel. The oil for the OECD countries rose $130 billion per year, that of the Third World countries by $20 billion. These are gigantically large figures. Expressed in the value of world trade, these figures together still come to 10 percent.

Price shocks of this great a magnitude put a strain on the elasticity of the oil-using economies, the more so when it is taken into account that the most important oil-producing countries are not in a position to increase their expenditures substantially in a short time. Presumably less than half of the amounts mentioned earlier have been 'recycled,' that is to say, put back into international circulation. The running-account positions of the oil-using countries, which were after all already showing a deficit, have been pushed much further into the red by that. All of this explains why budget policy and monetary policy are very restrictive in several countries, primarily in countries which, besides a deficit in their running accounts, are also fighting a high and stubborn inflation.

The new oil-price explosion and the restrictive policy in several countries have done no good to international trade, which rose slightly in the first half of 1980, only to decline again later. Taken on the average, the extent of world trade remained the same or declined to a limited extent. Thus our exporters were confronted with stagnating markets, which caused international price competition to increase in severity. Domestic sales markets showed equally little growth. The markets for new residential construction, industrial construction, and especially automobiles were sharply reduced. That resulted in decreased production, particularly in industry and the construction industry. The labor market was adjusted to this sharply and almost immediately, which illustrates how sensitive a country's bowels of restrictive have been trained. This caused a big increase in unemployment. In 1 year's time, unemployment increased by more than [illegible] man-years, which has never happened before since World War II. The increase in the government's budget deficit was also extensive. According to the latest reports, the limit of 4 percent, which was considered magical, was not only joined but even far exceeded. This is another record that gives little reason for rejoicing. The deficit in the running account of the balance of payments was equally great. Only price increases did not go badly, but in a situation with low profits that is not anything to be proud of either. It only indicates that domestic markets competition was equally particularly fierce.

According to some, doom thinking may not be permitted, but in respect to the economy there is little cause for optimism. If fast international action is not undertaken, the Western industrial countries are going to face a serious recession . World trade will then threaten to drop appreciably, protectionism, which is now still veiled, will become very manifest and a sharp recession will then be unavoidable, at least for small countries with a very open economy. Production declines, business closings, and particularly a sharply increasing unemployment would be the result of this.

Fortunately, it need not go that far, for there is no reason at all to continue to watch this without doing anything about it. The actions really should be taken and coordinated in an international framework. In that case, the balance of payments would impose no limitations, or at least many fewer limitations. Likewise in that situation there need not be much fear of a possible big increase in the government's budget deficit. An international action program would have to contain the following elements:

--adjusting the balance-of-payments goals of the combined OECD countries to the absorption capabilities of OPEC;
--expanding financial aid to the developing countries, in which a more than proportionate contribution may be expected from the rich oil-producing countries;
--ending the tight-money policies a number of countries are following in the attempt to curb inflation; other countries threaten to be dragged into this race of high interest rates and furthermore there are more effective means for fighting inflation;
--the independent OECD countries would have to take measures to stimulate their economies on the order of magnitude of 1 to 2 percent of their GNP [Gross National Product], in which the accent would have to be laid on tax reductions and construction orders;
--in the meantime, the oil-consuming countries ought to continue without letup in their energy-conservation policies.

The question will undoubtedly arise whether our country can meet the above recommendations. After all, our country has a big balance of payments deficit, notwithstanding the fact that our energy balance measured in physical units scarcely shows a deficit. At the moment, our country already has a budget deficit that is far beyond that which can be financed on the capital market under normal circumstances. Our country is strongly oriented toward foreign trade, and in general the export sector is not helped by a domestic stimulation program.

It is likely that these initiatives will not have much effect on other countries if our own country does not actually set a good example itself. In particular, the plans with respect to the structural reduction of the budget deficit come at a moment that is most unfavorable considering the state of the market. In this respect, serious consideration ought to be given to whether the deflationary effect of this operation cannot be temporarily compensated by an adjustment of the variable tax. The form which this tax reduction takes ought to be so selected as to permit this to be revoked at any time.

The above is not happy and carefree. Economics is known as the "dismal science." Its practitioners are not generally among those who view the facts with a certain nonchalance. The facts are serious and somber, and yet not hopeless. The economic development can still be gotten past, but that will only be possible if a joint action program is undertaken within an international framework. This will have to happen soon, for otherwise the various economies could very well sink deep.

In view of all of this, I wish the politicians a lot of courage, determination and wisdom, in that order. To their constituents, I would pass on this meager comfort: fortune and well-being do not depend entirely on material welfare. Perhaps we must be troubled by a decline in our prosperity of all of the other things that make life so rich.

W. E. Scherpenhuijsen Rom, Chairman of the Board of Directors of the Netherlands Middle Class Bank

"Political Courage and New Spirit of Enterprise Are Needed"

The recession has made its entrance into our economy. The moment at which that occurred can be determined very precisely: the second quarter of 1980. But the strength of the recession is underestimated. The recession is deeper than many expect and because of the combination with the need for restructuring, the recovery period will be long-lasting.

This somber prospect has its causes. The most important is that the Netherlands has been taking a downward path along an inclined plane for years. Industrialization and structurally deficient exports are the result of a policy which devoted the natural gas proceeds to financing a rapidly growing army of unemployed in our country. The employed need an important stimulus to produce the accomplishments so necessary to our economy.

The typical Dutch disinclination in the prices of real estate also contribute to this. Since 1976/77, the prices of residences have dropped an estimated 30 percent, and mortgage interest has risen about 5 percentage points. Many families who counted themselves among the fortunate in the first half of the 1970's are now watching their real capital and their surplus disposable income decline. This in turn has its effect on consumer spending. Retail trade is therefore talking very somberly about turnover on both the short and long term. The stasis has set in particularly in the sector of durable consumer goods. Because of this, unemployment will easily exceed the average level of 40,000 which the CPB (Central Planning Bureau) has predicted for 1981. Also the recreation trade is a sector which is traditionally sensitive to the state of the market and therefore primarily plays a significant role in the market analysis.

So the first New Year's wishes go to retail trade, which—confronted with the task of making a virtue of necessity—must involve themselves in the tendencies for change which are underway in our society. If innovation is a motto for the 1980's, then that is particularly true for our commercial sector.

New Year's wishes for our central bank. It is faced with the thankless job of being the first to have to deal with the results of the runaway governmental economy. The governmental deficit is, after all, in direct relation to the deficit in the running account of the balance of payments. To keep the value of the guilder up to the mark under these circumstances, these deficits must be financed by the introduction of capital. And anyone who wants to attract money has to pay a good rate of interest; as more money is needed, a higher interest rate has to be offered. Anyone who detests the high rate of interest in our country has to place the blame primarily on the government. Our central bank is not alone in the world in this respect. In recent years much has changed, and in many countries where government spending has gotten out of hand, and inflation has risen to great heights, a stringent monetary policy has been chosen. That is why interest rates have gotten so high internationally, too, and that has the result that anyone who makes debts has to pay a high price for it. There is no more margin for more debt in many countries, so on an international level, too, no speedy end to this recession can be expected.

New Year's wishes for our politicians, that they will finally realize that the Dutch economy is primarily a part of an international system of trade relations and financial ties. There is too much provincial thinking in our country, through formulating demands and desires that burden industry so much that it is particularly difficult to keep in step with our competitors abroad. An economic revival has never yet been realized through an ever more detailed network of governmental and other regulations. Let industry fulfill the role of society's (foundation) builder, give it the room, and in particular give it back a little profitability. Anyone who takes a close look at everything knows that the government and the political parties really do not have any choice: the laws of economics cannot be suspended by parliament.

The margins which have been small for years have shrunk even further.

If elections are held in May, the recession will not be over. Under those circumstances, the voter will not entertain any belief in rosy pictures of the future. The voter will vote first of all for the governability of the Netherlands. The voter consumer will be influenced in his spending behavior by the manner in which the cabinet formation takes place. A formation period of 6 months will be pernicious to our economy, not only because a structural attack on our weak economy brooks no delay, but also because that would prolong the recovery of the state of the market.

Thus the politicians have the simple instruments for an anticyclical policy in their hands. Now that there is no money, only through a rapid decisionmaking process can very much be achieved. Never before have the politicians themselves been such an important link in commercial developments. The year 1981 will show whether our parliament can bear this responsibility.

Finally I give my best wishes to the enterpreneurs of the Netherlands. The market will not meet them half way, even the interest rates cannot decline very much. And yet, technological development proceeds rapidly and even in the commercial area new possibilities crop up at a great rate. The concept

of innovation is particularly appropriate for them. They are the ones who can put the Dutch economy back in order through increasing their volume of business and creating employment opportunity. We know that there are many entrepreneurs, particularly in middle-sized and small businesses, who still speak optimistically about the near future. That is true to an even greater extent in the technical service fields.

Fortunately there is still room for entrepreneurship in the Netherlands.

Prof F Hartog, of the University of Groningen:

"Sink No Further Into the Fina cial Mire"

In expressing a New Year's wish, one can set himself free from reality, or compress reality into such general formulations that it becomes meaningless. In the latter case, it expresses feelings of friendship more than substantive matters. The point here is to wish our fellow citizens things which are within our reach. Thus our wishes must have a background in reality. Therefore in the following the broad outlines of the economic realities should be shown first. In agreement with the general distribution of labor, public finances are particularly pertinent. That is certainly not the most favorable aspect, but it is better for us to examine reality than to obscure it. Because of space limitations, the most prominent considerations will be listed point by point.

--The way it looks now, a new record height will be reached in 1981 with respect to the pressure of taxes and social security premiums. According to the Millions Bill, the total will rise to 54.6 percent of the national income. Even that is far from enough to finance the total collective expenditures, for they are expected to increase 66.1 percent. About half of the negative difference will be bridged by the natural gas proceeds. The rest is the budget deficit.

--Thus much greater increases in the collective burden are in store. There has been no success, after all, in attacking the budget deficit from the expenditure side. Furthermore, the natural gas proceeds are going to begin declining within a few years. Therefore people should be prepared for further increasing pressure from taxes and social security premiums.

--In financing the budget, everything the government does has an adverse effect. The more it borrows outside the moneymaking institutions, the more it gets in industry's way in financing investments. The more it borrows within the moneymaking institutions, the more it further stimulates inflation. In both cases, moreover, the interest burden rises further, to the disadvantage of the current and future budget balance.

--Because of the explosive developments in public finances, savings have suffered badly. The increase in the tax pressure inhibits private savings. The increase in public expenditure inhibits

government savings. In 1981, a savings rate (expressed in terms of the national income) of 11.8 percent is expected. In 1974, that figure was still 20.5 percent. That means a significantly reduced opportunity for new investment and therefore works to the disadvantage of employment opportunity.

--The central bank, too, is largely powerless to dam up public finances. It is not possible through monetary policy to correct what the government is doing wrong. After all, what the government does is largely unaffected by the tightening of the money supply by the central bank. Therefore, this tightening comes to exert pressure almost entirely on industry, to the disadvantage of employment opportunity.

--Almost all counterpressure in the realm of public finances has dropped away. Originally it was parliament's job to guard against the cabinet's wasteful tendencies. Currently the parliament, and particularly the Second Chamber, has come to be under the influence of pressure groups hungry for government money to such an extent that it only reinforces the cabinet's inclinations to spend. When there is a cabinet of liberal spenders, then the Second Chamber generally throws in a little bit more. When the cabinet tries to be moderate, all too often it finds the Second Chamber opposed to it. In the election year of 1981, this will presumably become even more clear.

--In this way we have wandered far from Keynes' ideal: a central government that uses its financial weight as a stabilizing factor in the economy. Instead of that, public finances have now become the greatest disturbing factor.

--Because of the continuing increase in the collective demand on the total means, private subjects can spend less and less of their money as they see fit. It is largely taken away from them and spent in ways that they can be said to have chosen only in a theoretical borderline case. That raises increasingly great tensions. They are relieved in the increase by escaping and evading the financial pressure. The black circuit is a partial release of these tensions. It works on both sides: on the collective spending side, improper use of the social security provisions is increasing; on the tax side, people are becoming more and more inventive and bolder in trying to avoid taxes. The government is losing its financial grip on the public. Both the expenditures and the taxes are going crazy. That aggravates the problems in the official circuit.

--The big spenders of the years from 1973 to 1977 are to be found on the opposition side in parliament. They are ready to jump to take over the rudder. There are few indications that they have learned their lesson. I think that anything that can have a remedial effect will have to come from the center parties which will have to be involved in any cabinet formation. But even they promise little good in the area of restraining the government finances.

--As the last of these 10 points, then, my New Year's wishes. There are five of them, and I have listed them, too, point by point:

important new natural gas findings, so that we can put off the most tiresome things just a little longer;

autos that run onalcohol more and drivers that run on alcohol less;

voters a majority of whom know how to find the parties that are intent on moderating government spending and taxes;

a long cabinet formation, for in the meantime the outgoing cabinet cannot set any new money-wasting programs in motion;

in the new cabinet, a minister of finances who is possessed of good health, a steadfast character and good technical expertise, in that order.

Those are largely matters that depend on our own insight and our own decisions. Even if all of that comes about, 1981 will not be a year of jubilee. The most that can be attained is not to sink further into the financial mire.

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CSO: 3105

## CONSERVATIVE PARTY'S CHAIRMAN BENKOW ATTACKS TAX SYSTEM

Oslo AFTENPOSTEN in Norwegian 16 Feb 80 p 3

[Interview with Conservative Party chairman Jo Benkow by Eivind G. Karlsen]

[Text] Taxes that come close to "skinning" people, that destroy tax morality and regularly threaten the health of our economy, that is what Jo Benkow will combat with all his might. At the same time he is an ardent spokesman for the groups that must have society's help in order to survive, primarily the elderly, the sick and the handicapped. Benkow also keeps a watchful eye on the challenge of employment as we enter a new technological era. "We cannot accept solutions that jeopardize full employment," he declared.

Involvement in the cause of others and their standard of living is--apparently--a clear line for the one remaining candidate for the chairmanship of the Conservative Party. Jo Benkow received the news of the election committee's new report Thursday with obvious relief. The "duel" with Hakon Randal was a tough one but it ended to their mutual satisfaction. Speaking with AFTENPOSTEN Benkow also denied allegations of strong political disagreements between them--and said of his opponent: "My relations with Hakon Randal have not suffered from this conflict, perhaps the opposite is the case."

But if the path to the chairmanship of the Conservative Party after Erling Norvik has now become easier for Benkow than it appeared it would be he will have plenty of opportunity to demonstrate political fighting determination. As party chairman he must lead the fight for increased support for the Conservative Party, for nonsocialist cooperation and government power. In other words he must help show that the Conservatives have better solutions than the Labor Party when it comes to guaranteeing jobs and worthy social conditions in a decade characterized by uncertainty. One thing is sure, it won't be an easy job. But the candidate for the chairmanship and his party are off to a good start.

AFTENPOSTEN confronted Jo Benkow, now the party's first vice chairman and chairman of the Storting Justice Committee, with some of the questions the new Conservative chairman w[illegible] facing.

[Question] What will you say about our tax system and especially the overtime tax?

[Answer] That may be the biggest threat t[illegible] the soundness of our economy. Unless something is done about them personal taxe[illegible] will lead to continued wage pressures and higher costs and large nominal income supplements will end up in the public coffers, by and large. Quite aside from the fact that the overtime tax is destroying tax morality and the incentive to work. But it is not enough for even the most tax-happy parties to acknowledge the "wheel block effect," they must also be prepared to follow this up with tax adjustments that are meaningful.

[Question] What about revenues for necessary social programs?

[Answer] There can be no question of reducing direct taxes to such an extent that it reduces our opportunities to solve essential mutual tasks, for example in the health and social sectors.

[Question] You mentioned health and social services. How do you think the Conservatives will meet the challenge there?

[Answer] The Conservatives must never compromise their social policy obligations. In practice this means active care for lonely, elderly and sick people in Oslo and other big cities, people who have made their contribution to society and who now need contact and help. Their needs must be met. No one should doubt that the Conservatives view this as a major task.

[Question] What are your priorities, in a few key words?

[Answer] Let me say this first. We must take the trouble to weigh different needs against each other and indicate clearly which groups we think have the greatest need for help.

I would like to mention specifically the mental health service, now strikingly illustrated by the Reigjerdet case, and care for the mentally retarded. When it comes to social insurance payments, those with lifetime disabilities must be taken care of, those who have never been capable of earning money themselves. They should be first in line the next time we consider expanding the support framework of social insurance, just ahead of certain groups of survivor pension recipients.

[Question] Secure jobs are definitely a social benefit, looming unemployment is the opposite. What about emp[illegible]yment now that we're speeding into a new era?

[Answer] In Norway all of us--to a much larger extent than is true in the lands with which we are competing--are concerned with guaranteeing good jobs for all

those who are willing and able to work. We cannot accept solutions that would endanger full employment, though this will be harder than it used to be. There are two reasons for this. One is that the long-term effects of the Labor Party's mistaken economic policy will become apparent in this decade. The other is the continued development of technology that can replace people in a number of production processes.

[Question] The "chief ideologist" of the Labor Party, cabinet member Einar Forde, has suggested giving workers a veto power against microprocessors.

[Answer] Norway can't just turn its back on a development in which all the other industrial nations already share. That would be a policy of swimming against the tide.

The main question, primarily, is how the profits provided by the new process can be plowed into society, opening the way for new efforts in areas that can make life easier and better, especially for those who are not well-off. A whole lot of as yet undetected needs for efforts by and for people will show up with increasing urgency during the 1980's.

[Question] Neither the Conservatives nor the rest of us can get around the abortion issue. What do you have to say about that?

[Answer] I am concerned with shaping--in concrete paragraphs--a socially and ethically tenable standpoint on abortion legislation based on the Conservative Party's basic views and its foundation of Christian values, as stated in our paragraph of objectives, and in reasonable harmony with present realities.

[Question] In other words you reserve the right to question your way to a position on the issue?

[Answer] That is correct. But of course I will be bound by the standpoint we hammer out together in the party, the one that will be expressed in Conservative programs.

Thus Jo Benkow shares with many others a perplexity concerning this very serious and difficult issue of abortion. One must accept and respect this doubt. In all other areas we could think of at the moment the Conservative chairman candidate held clear and firm views--for example with regard to stockholders' efforts to undermine democratic decisions and with regard to criminal policy reforms which at best are premature.

One can safely say, as did the chairman of the Conservative Women's League when she backed Jo Benkow as new Conservative chairman: "It's a sure guarantee that the political line of Erling Norvik will be continued."

And that line, as we know, is also that of Kare Willoch on all essential points.

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## UN AMBASSADOR OLE ALGARD EVALUATES SECURITY COUNCIL

Oslo NORGES HANDELS OG SJOFARTSTIDENDE in Norwegian 24 Dec 80 p 6

[Article by Svein A. Rohne]

[Text] "Norway has a good international reputation and pursues what I would call an appropriate foreign policy. We enjoy great confidence in various quarters and that has made work easier for us on the UN Security Council. It has also led to Norway playing a very central role in several difficult conflicts in the negotiations that have been conducted behind the closed doors of the Security Council."

UN Ambassador Ole Algard, never one of the most modest men in the Norwegian foreign service, has no doubt that with its work on the Security Council Norway has made a good showing on the map of the world.

"Of course others will have to pass the final verdict on our efforts. But if no one else finds anything good to say, then we'll have to do so ourselves," he said.

At the end of the year Norway will step down from the Security Council after 2 years of membership, becoming once again an ordinary member of the international organization. Norway has been on the Security Council twice before and therefore cannot count on becoming a member of the highest UN organ again before 2000.

International prestige is attached to membership on the Security Council, which Algard calls an exclusive club. The "club" consists of only 15 of the 154 member nations in the United Nations and is responsible on paper for maintaining peace and security in an unstable world.

How has Norway managed in the role of guardian of the peace? Have the expectations been fulfilled? "Actually we went into the Security Council out of a sense of duty rather than with expectations. If one takes work at the United Nations seriously one has a duty to accept Security Council membership, which can be a burden in many ways. And I'm not just thinking of the amount of work. As a member of the Security Council we must take a stand on many burning international conflicts. There is no doubt that it is usually more pleasant to remain outside."

There has been no lack of international conflicts in the 2 years Norway has been on the Security Council.

"At the beginning of our period on the council there was the Vietnamese invasion of Kampuchea. We have the hostage conflict between the United States and Iran, the Soviet invasion of Afghanistan and the war between Iran and Iraq. In addition there are conflicts such as the Middle East, South Africa and Cyprus, all of them pure classics in the UN context. The last 2 years were perhaps the most active period in the history of the Security Council," said Aigard who has been UN ambassador for 9 years.

He thought the war in the Persian Gulf was the most difficult and dangerous conflict Norway had helped to deal with in the council.

"In the first place it has been extremely difficult to find out who really has the power and authority to do anything in Iran. And the conflict is going on in the most explosive region of the world. If the war spreads the effects could be catastrophic for the international economy."

A lot of talking goes on at the United Nations and the body produces a colossal number of documents. Evil tongues charge that the international organization has developed into a resolution mill that is often incapable of acting when the need is most urgent.

"Of course there are many things about the United Nations that could be improved but it is important to bear in mind that the United Nations is no more than the sum of the 154 nations represented there. Most have different backgrounds and different national interests and not all are equally enamored of the great idea that the United Nations should act as the lifesaver for the world in all situations. The United Nations is actually nothing but a gigantic negotiating mechanism that can be used by those involved in a conflict."

Ambassador Aigard makes a sharp distinction between activity in the General Assembly where all member states are represented and work on the Security Council which has 10 members on a rotating basis in addition to the five superpowers.

"The Security Council is the only body responsible for maintaining peace and security. Therefore it is the UN's most important organ. The council is not a court that determines what is right and proper. The Security Council must try to get the parties to a conflict to negotiate and perhaps help them find a solution.

"A greater variety of things is discussed by the General Assembly. A vote in the General Assembly is merely the expression of a political viewpoint. If you want to look at it with a little cynicism, whether Norway votes yes or no or abstains in the General Assembly the world looks just the same the next day.

"But in the Security Council much more than an expression of opinion is involved--real policy is carried out there," he said.

Most of the council's activity takes place behind closed doors. They discuss and draft resolutions and statements. Sometimes things go quickly, other times the process takes weeks. When they come far enough so that open meetings can be held the result is usually a foregone conclusion.

Many harsh words can be spoken in the open meetings but they are often designed for television news programs and newspaper columns. Ambassador Algard assured us that things are done nicely and properly behind the scenes. "Even in the most difficult situations a good tone usually prevails among diplomats," he said.

From time to time there is a demand for the expansion of the Security Council so that its composition will better reflect the geographic groupings in the world today--an idea Algard opposes.

"I have no difficulty in seeing the problems that would confront a larger Security Council. It would be heavier going--effectiveness would be weakened. The negotiation process that always precedes a resolution would be even more difficult and even more timeconsuming than it is now. The idea is that the Security Council should be able to act quickly when the situation demands it."

Before he became UN ambassador Algaid was the second in command of the Norwegian UN delegation for 4 years. He does not hide the fact that he feels he has had enough. "I think I have served enough time for both Rachel and Leah," he said.

Ole Algard is undoubtedly one of the Foreign Ministry's more colorful diplomats. He can be downright undiplomatic in the view of some who have heard his numerous stories. A great many are unsuitable for print. The following story from the UN environment must therefore be designated as one of his more innocent ones:

While Trygve Lie was UN Secretary General he was visited one day by the Soviet Foreign Minister Andrei Vishinsky who used the occasion to lecture Lie on the proletariat. Trygve Lie remarked that as a former laborer from Grorud he didn't have much to learn from the former Russian count to which Vishinsky quickly replied, "I have never denied that we were both traitors to our class."

6578
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U.S. INTENT TO PLACE NUCLEAR WEAPONS IN NORWAY, DENMARK ALLEGED

Copenhagen INFORMATION in Danish 23 Dec 80 p 1

[Article by Ole Kromann: "False Note May Damage Relations Between Norway, Denmark and Soviet Union"]

[Text] According to the note, the U.S. diplomatic corps and the NATO chiefs would be working to get Denmark and Norway to allow the stationing of Allied forces and nuclear weapons in the two countries.

It has caused surprise in political circles in Oslo that the Norwegian government chose to expose an attempt at disinformation of Norwegian opinion in connection with security and defense issues on the same day that Foreign Minister Knut Frydenlund, as the first foreign minister in 14 years, sat down at the negotiating table in Moscow with his Soviet colleague Andrey Gromyko.

The news agencies in, first and foremost, all of the Nordic countries have published long excerpts of the closely printed telex note which covered an entire A 5-sheet and which ostensibly was sent to, among others, all of the U.S. embassies in the Nordic countries and was signed by Secretary of State Edmund Muskie and classified as a secret document.

In the course of last Sunday, the U.S. State Department stated that the telex note was a forgery. According to the false note, the U.S. diplomatic corps and NATO chiefs as well as the NATO delegation in Brussels would be endeavoring to persuade Norway and Denmark to allow the stationing of Allied forces and nuclear weapons in the two countries. In addition, the oil and gas reserves north of the 60° parallel would be considered NATO's tactical and strategic reserves and thus not Norwegian property.

At the office of the prime minister, Undersecretary Per Vassbotn confirms that they have known of the telex note since 16 December when it emerged in Oslo, but that they only last Sunday were informed from the United States that the telex note in its entirety was a forgery. They decided to make the matter public immediately as they were aware of the fact that the matter had been leaked to the press. The press release was, moreover, issued with the consent of Foreign Minister Knut Frydenlund in Moscow, and they saw no reason to wait till the day after the Moscow talks. Also the defense minister had been consulted.

May Harm Relations With Soviet Union

If the telex note had been acknowledged as genuine, it would have harmed relations between the United States and Norway, but as it has now been exposed as a forgery, it may be used to harm relations between Norway and the Soviet Union (and Denmark) because the first semi-official comments from the United States, according to the correspondent in Washington of the official Norwegian press agency state that "there is every probability that the document originates in Eastern Europe." The correspondent was informed by "U.S. sources" that the false classified telex note was sent to the "headquarters of the Labor Party in Oslo." Party Secretary Ivar Leveraas, last Monday, repudiated this claim as untrue. The deputy chairman of the foreign affairs committee of the Storting, parliamentary leader of the Conservative Party, Kåre Willoch, tells the Oslo newspaper VERDENS GANG that the telex note appears to be the work of amateurs. "It would have been far more dangerous if the telex note had contained information which was nearly correct."

He wants the police to investigate the matter, but, at the Ministry of Foreign affairs, they say that this cannot be done until after the New Year.

The security police expert of the government, Undersecretary Johan Jørgen Holst, who accompanies the minister of foreign affairs, tells VERDENS GANG from Moscow that "such a false note in itself constitutes a provocation vis-a-vis the issues which are to be discussed in Moscow."

In Oslo, people are wondering if, for example, the Soviet Union would fabricate such an amateurish note that it would have to be exposed as a forgery and harm relations between Norway and the Soviet Union in the midst of the first meeting of foreign ministers between the two countries in 14 years.

Or would the United States take the chance that the disinformation became so amateurish that it would not be accepted as true but would be good enough to be used as the 'provocation' which Johan Jørgen Holst is talking about?

Both superpowers have organizations to handle disinformation to further their own policies, and Kjell Colding, department head in the Ministry of Foreign Affairs, who had the press release issued, is, at any rate, right in saying that the false telex "is aiming at influencing the security policy debate in Norway."

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## COMMUNIST, SOCIALIST PARTIES' ROLE IN CONSTITUTIONAL REVISION

Lisbon DIARIO DE NOTICIAS in Portuguese 3 Jan 81 pp 23-24

[Interview with Social Democratic Center Party President Diogo Freitas do Amaral, by Simoes Ilharco and Manuel da Silva Pereira; date and place not given]

[Text] "We do not propose to formulate a constitution that is the inverse of the 1976 constitution; we want to formulate a constitution without ideological baggage, without illegitimate preferences for this or that democratic solution; we want, rather, for it to be the frame of reference in which all democratic political options fit, establishing the rules of the game among them," Professor Freitas do Amaral told DIARIO DE NOTICIAS regarding the plan for revision of the constitutional charter of which he is the author and which the Democratic Alliance (AD) will present in the Assembly of the Republic.

The statements by the president of the Social Democratic Center Party (CDS) are the first in a series of interviews with leaders of the three political coalitions with blocs in the parliament (the AD, the Republican and Socialist Front (FRS) and the United People's Alliance (APU)), with regard to constitutional revision, which the DIARIO DE NOTICIAS intends to publish.

Included in the constitutional revision plan to be presented by the AD are modifications of the definition of the powers of the president of the republic. Freitas do Amaral points out, in his statements, that this "is a plan formulated in good faith, according to a certain idea of the state and politics and not a plan formulated against General Ramalho Eanes."

At another point, he declared that the guideline followed "never was, nor is it now, to propose a general reduction of the powers of the president, or their systematic strengthening."

As is analyzed at length in this interview, the AD wants to deprive the president of the republic of the possibility of dismissing majority governments: "In the case of governments that emanate from a parliamentary majority and are basically sustained by them, it does not make sense for the president of the republic to be able to dismiss them," maintains Freitas do Amaral.

"We will not give up our principles, nor do we ask the Socialist Party (PS) to give up theirs; but we are hopeful of reaching a good agreement on constitutional revision with the FRS and, specifically, with the PS," declared the CDS president at another point.

As for the role to be played by the Portuguese Communist Party (PCP), Freitas do Amaral says that "It will not be simply a spectator," but he rejects the possibility of the AD entering into negotiations with the communists.

"The constitution," he went on to say in this interview, "is, or should be, above specific, concrete changes in the composition of the government. And in order to be a democratic constitution and accepted by all, it is necessary that it not enter into the area that should be reserved to the different political options of each party.

"It does not make sense that, in a country where the four main political forces are the Social Democratic Party (PSD), the PS, the CDS and the PCP, there should be a constitution that imposes communism, socialism, social democracy or Christian democracy," asserted the same leader.

DIARIO DE NOTICIAS: For some quarters, depriving the president of the republic of the power to dismiss majority governments means an attempt to perpetuate the AD in power. Is there any basis for that interpretation?

Freitas do Amaral: It has absolutely no basis. In the first place, because the constitutional revision is being formulated to establish solutions that will be applied to any government and any majority. In the second place, because even adopting our proposal the president of the republic will still have the possibility of dissolving the Assembly of the Republic convening early elections and, consequently, in the final analysis, of summoning the electorate to decide if the current majority should be retained or not.

DN: But isn't that a more radical measure than dissolving a government?

FA: It is the only logical measure because if there is a conflict between the president of the republic and a majority government, that is, a government that has the support of the majority in parliament, by dismissing that government, the president of the republic will not succeed in forming another that will pass in the Assembly of the Republic because the majority, supposedly supported the previous government and wanted to retain it. Therefore, it will not accept any other and the president of the republic will end up by having to dissolve the Assembly of the Republic. Beginning by dissolving the parliament saves time and, above all, it avoids exacerbating the conflicts.

Basically, it is the solution that fits the logic of the system. Everybody agrees that the semipresidentialist system works one way if the government is a majority one, and another, if the government is a minority one or one comprised of independents. Now, the fact that the president of the republic may dismiss governments that are sustained basically by him and may not dismiss others that emanate essentially from parliament and are sustained by it is logical and is not any straining of the principles of semipresidentialism.

I would add one last argument: the semipresidentialist system, which strengthens the powers of the president of the republic vis-a-vis the government and the parliament, exists precisely to try to counterbalance the dangers of pure parliamentarianism; and the principal danger of that system is the ease with which the majorities topple governments.

In this case, the limitation of the power of the president of the republic to dismiss majority governments is not a straining of the philosophy of the semipresidentialist system because if he had that power it would not suit the purpose of counterbalancing the danger of an excess of parliamentarianism; on the contrary, it would be the power to topple a government that the parliament itself wants to maintain. It does not make sense in a case in which the parliament does not want to topple a government to give the president of the republic the possibility of dismissing it. It would be transferring the excesses of parliamentarianism to the president; instead of being eliminated, they would change hands...

DN: Nevertheless, there are those who maintain that from the moment that a government, even a minority one or one comprised of independents, "passes" in the Assembly of the Republic, it is as legitimate as a majority government.

FA: It is obvious that the legitimacy is identical in both cases. But we are not dealing with legitimacy but with parliamentary support. Though the legitimacy is the same in all cases, the type of parliamentary support is different. In one case, there is majority parliamentary support secured by the structure and political base of the government itself; in the other cases, that support does not exist.

We saw what happened in the case of the First Constitutional Government, which was a legitimate government because it was approved in the Assembly of the Republic but which did not have majority parliamentary support and was forced to negotiate for its support; that government depended much more on its support than a majority government, regardless of whether it is a PS/CDS or an AD government.

By the same token, the same thing happens with the governments of independents which, at the outset, do not have the support of any parliamentary bloc and which, therefore, are born leaning on their only base of support, which is the president of the republic. In these cases of governments that emanate from the president of the republic or which basically depend on the strong and constant support of the president of the republic, it makes sense that he be able to dismiss them if he feels that they should be replaced. In the case of governments that emanate from a parliamentary majority and which are basically based on it, it does not make sense for the president of the republic to be able to dismiss them.

The Question of Government

DN: From your point of view, does a majority government dispense with the support of the president of the republic?

FA: It does not dispense with the support of the president of the republic but it does not have to have such strong, constant and diligent support from the president of the republic because it is in fact a government that basically emanates from the parliamentary majority that was formed.

DN: Does this not raise the problem of a possible confirmation of the majority through legislative elections, either early elections or byelections?

FA: That is a situation that is proper to the democratic system per se: a majority in power can be confirmed in the next elections. So, if the conflict between the

president of the republic and the majority in the Assembly of the Republic does not assume serious aspects or excessively dramatic proportions, the president will know how to interpret the confirmation of the majority by the electorate and respect it. In the event that it concerns a dramatic and irremediable conflict between the president of the republic and the majority, it remains for the president of the republic to bow to the decision of the electorate or get out.

However, that is a situation that potentially always exists at the level of relations between the president of the republic and the parliament and one that is not in any way aggravated by the fact of the president of the republic not being able to dismiss majority governments. Because this idea--which had already received a consensus at the AD summit in September--stems from the principle that if a conflict arises between the president of the republic and a government that the majority supports and wants to maintain, there is no point in the president of the republic dismissing that government because the majority that wanted to maintain it will not accept another. And from the moment that this occurs and the majority successively topples all the governments that the president may wish to impose on it, there only remains the solution--which, moreover, is mandatory according to the terms of the constitution--of the president of the republic dissolving the parliament.

So, why not start there immediately? We will save time and dramaticism.

Legislative and Presidential Elections

DN: But is it not illogical for a president of the republic chosen in presidential elections to be dismissed by legislative elections?

FA: Nothing compels the president of the republic to resign in such a case; he can believe that there exists a conflict and that the people must be directly summoned to resolve it but be prepared to accept the decision of the electorate.

On the other hand, if the president of the republic believes that he cannot remain and must resign his office, he will not do so by the automatic imposition of the results of the legislative elections, so he is not dismissed by them. It will be the president of the republic himself who, interpreting the situation, decides to resign.

In the third place, I emphasize that this possibility cannot be considered an aberration from the viewpoint of the constitution, because the present text expressly provides for it. In fact, Article 126 anticipates the possibility of the president resigning his office after an early election that is the result of a dissolution decreed by him; and it even provides that, in that case, the president cannot run as a candidate in the next election. It is a logical and democratic rule.

DN: So, that is a first limitation on the powers of the president of the republic established in the present constitution. What are the other elements in the AD's constitutional revision plan?

FA: With regard to that first limitation, I would like to add the following. I have seen some criticism to the effect that it is unacceptable for the AD to propose that limitation, saying that it is a serious thing for the president of the republic not to be able to dismiss majority governments.

I will emphasize, however, that what seems to me to be much more serious than that is a clause in the agreement established between the Socialist Party and the then candidate General Ramalho Eanes, according to the terms of which the president of the republic pledges, in the case of governments in which the Socialist Party participates, never to utilize his power to dismiss those governments and always to wait until they are toppled by parliamentary initiative!

Basically, what that clause means is that General Ramalho Eanes pledges not to dismiss PS minority governments. That solution seems to me to be much more serious than the one we propose. For two reasons: in the first place, because our solution is to be approved in terms of constitutional revision and to be formally embodied in the constitution; whereas the other is a deprivation of the powers of the president of the republic, not by the constitutional text, but by a private agreement between a person who at the time was a candidate for the presidency of the republic and a particular political force that supported him.

In the second place, in terms of political philosophy and of the semipresidentialist system, it is much more serious to prevent a president of the republic from dismissing minority governments than to prevent it from dismissing majority governments. If there is any logic in depriving the president of the republic of the power of dismissing a certain type of government, it favors majority governments. What is not logical at all is for the president of the republic not to be able to dismiss minority governments and be able to dismiss majority governments.

DN: And how about the other limitations?

FA: One guideline never was, nor is it now, to propose a general reduction of all of the powers of the president of the republic, or their systematic strengthening. We believe--and that was also included among the conclusions reached at the September summit--that the semipresidentialist system must be essentially maintained.

But we believe also that certain points of the reciprocal powers of the president of the republic, the government and the Assembly of the Republic must be revised. This means that, in some cases, we concur in the strengthening of the powers of the president of the republic, and in other cases, we proposed their reduction so that, overall, the balance may remain appreciably identical, although with modifications--either more or less--in certain points.

In the area of reductions, the principal ones, in addition to the one already mentioned, are the ones that deal with the problem of the right of veto. We believe that this right with reference to laws of the Assembly of the Republic of decree-laws of the government must be maintained; but the way in which it was exercised in recent years makes it advisable to introduce a tighter rule to prevent the abuses that were committed.

In the first place, the periods of time within which the president of the republic can exercise his right of veto must be better regulated so that a position of silence on the part of the president of the republic with regard to a particular bill may not be prolonged indefinitely without anyone knowing whether he vetoed it or not. Thus, our proposal: If at the end of 30 days, counting from the date of the receipt of a bill from the Assembly of the Republic or the government, the

president of the republic has not promulgated it or expressly vetoed it, returning it to the organ that formulated it and justifying his veto, the organ that has formulated the bill can consider that there has been an unjustified veto and take the initiative of reconsidering the bill.

Specifically, if 30 days have passed and the president of the republic has not taken any action, the Assembly of the Republic can resume debate on the bill on its own authority, and if it again approves it by an absolute majority of the incumbent deputies, the bill will be promulgated mandatorily; the president loses the right to veto it.

Another aspect of the problem comes up: assuming that at the second reading, after the bill has been confirmed by the parliament, the president of the republic, having the constitutional obligation to promulgate it, does not do so, how does one get out of the impasse? Our proposal is that, in this case, the power to promulgate the bill leaves the president of the republic and falls upon the president of the Assembly of the Republic.

The Referendum

DN: Is granting the president of the republic the initiative of being able to call for a referendum one of the measures to strengthen the powers of the president of the republic about which you spoke?

FA: It is one of the typical cases in which we accept a certain strengthening of the power of the president of the republic. And we do it consistent with our position. We have always defined it since the founding of the AD in 1979 and we reaffirmed it at the summit we held on problems of constitutional revision held in September 1980: the referendum is a democratic, legitimate and desirable instrument in terms of the organization of the state.

DN: Whether in terms of constitutional revision or in general terms?

FA: Exactly. We always maintained that an explicit reference to the referendum should be included in the constitutional revision. Our constitutional revision plan is a plan formulated in good faith, according to a certain idea about the state and politics and not a plan formulated against General Ramalho Eanes, because if it were motivated by aims opposed to the current president of the republic, we naturally would have dropped the idea of the referendum, which is going to give him a power he has not possessed heretofore.

DN: And is that the only instance of strengthening the powers of the president of the republic?

FA: There are some others, though of a lesser nature, specifically, the increase of the number of persons the president of the republic can appoint to the constitutional court, compared to those he can currently appoint to the constitutional commission.

In the meaintime, of the various possible types of referendum, we propose three: two on the national level and one on the local level. We specifically propose that it be possible, on the regional, municipal and even the parish levels, to consult the electorate of those areas on problems of local interest.

With regard to the referendum of a national nature, we propose two types: on constitutional revision and on major issues of national political interest. With regard to the first, our idea is that, in principle, constitutional revision should be carried out by the Assembly of the Republic, and by a two-thirds majority; but in certain cases, if certain modifications do not succeed in gaining a two-thirds majority and are passed by only an absolute majority, we propose that, with reference to those modifications, the president be able to submit them to popular referendum and if they are approved, they will be considered legitimately included in the constitution.

However, we make that referendum on constitutional revision dependent on two conditions: the first is that there be a favorable opinion by the Council of State; the second is that in this type of referendum no modification of the separation of powers between the organs of sovereignty can be proposed or approved.

A second type is the referendum on major issues of national interest, as for example, a future referendum on Portugal joining the Common Market. In that case, the power to call for the referendum belongs to the president of the republic but it must be conditioned so that the referendum will be an actual instrument of consultation of the popular will and not of pressure by the president of the republic, or whoever it might be, on the electorate.

The basic condition is that the decision to call for the referendum obtain the agreement of the president of the republic, the government and a majority of the Assembly of the Republic.

DN: Not granting the president of the republic the possibility of appointing some members of the Council of State has been interpreted as an attempt to create an organ hostile to the president of the republic himself. What are the facts?

FA: I do not agree with that interpretation. First, because we are not depriving the president of the republic of any power that he now has; we are limiting ourselves to not proposing that he be given that power. As is known, at the present time the consultative organ of the president of the republic is the Council of the Revolution (CR) and the president of the republic does not have any authority to appoint persons of his choice to the Council of the Revolution. In that aspect, the idea is maintained: the consultative organ to the president of the republic will be comprised of persons the manner of whose selection is stipulated by the constitution but who must not be selected by the president himself.

The idea governing this proposal is not that of creating a Council of State hostile to the president of the republic; rather, it is of creating an organ that will be independent of the president of the republic but which can be an organ of the state and not an organ of the president.

It seems to me that to defend the prestige of that new institution that we are going to create, it is essential that, in this phase at least, the president not have the power to select persons in his confidence for the simple reason that it is necessary for it to be a completely new organ that cannot be considered by the general public and by Portuguese political forces as a continuation of the Council of the Revolution.

If it should be a continuation of the Council of the Revolution, retaining within it people who have been in that council until now, then the Council of State will be discredited aborning. If we give the president of the republic the possibility of selecting persons in his confidence for the Council of State, we must admit that the president of the republic might select members of the present Council of the Revolution among those persons. That would politically destroy the Council of State.

The only way we can avoid that risk, lend absolute prestige to the Council of State to be created, and ; event any confusion with the Council of the Revolution is to prevent the president of the republic from selecting persons in his confidence.

The Council of State

DN: From your point of view, is speaking of the Council of State or the Council of the Republic simply a question of terminology or is there some important "nuance"?

FA: The term "Council of the Republic" has no tradition in our constitutional law.

The contrary is the case with the term "Council of State," which existed during the monarchy, the republic and following 25 April. Therefore, it is an organ which, though it can vary in composition and in some of its functions, has a great tradition in Portuguese constitutional law.

DN: Why is it that in the AD's constitutional plan, the governments can be toppled by the simple approval of a motion of censure and not two, as is now the case: Isn't that strengthening the parliamentary component?

FA: In a democracy, it does not make sense for a government against which a motion of censure has been approved in the parliament to remain in power any longer. To my knowledge, there is no democratic country in Western Europe where that is done.

I do not believe it would be useful to anyone, much less to the government itself, after it has been censured by the majority of parliament, to wish to remain in power for another 30 days. I do not believe any political force, any personality who was a member of that government, would agree to remain in power, without presenting their resignation. It would be absurd, unfeasible and basically antidemocratic.

DN: What were the reasons that led you to introduce basic modifications in the part of the constitution pertaining to social communications?

FA: Essentially, the constitutional precepts about the freedom of the press, social communications and nationalized information media are maintained.

Our proposal does not impose the return to private ownership of the nationalized social communications media, but neither does it prohibit it, leaving to each government and each parliamentary majority, as it should be, the right, according to its policy, to decide as it thinks best on this matter.

There are only two [as published] basic changes that we propose: the first refers to the Information Councils, defining their administration for purposes of the law; the second is to permit the existence of private or cooperative radio stations,

although subject to authorization, according to the terms that may be defined by the law; and the third pertains to television. The principle that TV is a state monopoly is maintained--there cannot be private television--but it is granted that the television public enterprise can make bloc concessions for operation to private companies and cooperatives, as occurs, for example, in England.

DN: What was your reaction to the report that the Republican and Socialist Front (FRS) is prepared to divest the constitution of ideology? And is the AD actually prepared to reach a consensus with the FRS in terms of the constitutional revision?

FA: It is obvious that I received with pleasure the report that the FRS, and especially the PS, accept as a principle of general policy of the forthcoming constitutional revision, what it terms "ideological unburdening," that is, removing from the constitution all those provisions that have only an ideological function, legitimate as the ideology of this or that party but illegitimate as a constitutional imposition on all parties and on all Portuguese citizens.

Specifically, the constitution establishes that Portugal must be a socialist country, must have a socialist economy and that the Portuguese Government, whichever it might be, and independent of the parties that may have won the elections, must be committed to building socialism. That cannot be maintained.

Hope of Consensus

DN: But are you hopeful that the FRS is going to propose the removal of the term "building socialism" for the constitutional text, since it claims to be a socialist force?

FA: I am not only hopeful but I am certain that that is going to happen. Because the constitutional revision program presented by the FRS before the last elections, on 5 October, specifically includes the fact that they will propose deletion of the precept that imposes on any government the obligation to build socialism.

That does not contradict the fact that the PS is a socialist party; it only shows that it is a party that is, above all, democratic. Because the constitutional imposition of socialism is antidemocratic. Socialism is a legitimate option on the level of party options--whenever a socialist party or a combination of socialist parties is in power, it has the right to apply a socialist program--but what is not possible in a democracy is to compel all citizens to be socialist or compel all governments to apply socialist policies.

There is no democratic country in the world that has such a provision and only the revolutionary period we went through in 1975, dominated as it was by the Communist Party, can explain the reason for such a provision to be included in the constitution. If we are pledged--and the PS and the FRS are in fact--to achieving complete democratization of our system, to making Portugal a pure and authentic democracy, we must delete those provisions, thereby permitting socialism, but not imposing it. Because whether or not we have socialism, socialist governments, a socialist policy, will depend on the results of each election; nothing can be an imposition forced forevermore by the constitution.

DN: But do you admit the possibility of making concessions and reaching a consensus with the FRS?

FA: We will not give up our principles nor do we ask the PS to give up theirs, but we are hopeful of reaching a good agreement on constitutional revision with the FRS, and specifically with the PS. That is not only in the interest of the AD but also of the FRS as the main force of the democratic opposition and as the potential government alternative. All Portuguese democrats must be concerned that the constitution be the best possible and that it recognize all currents of opinion and all political parties, particularly those that defend political democracy.

The present constitution is not a document that recognizes all Portuguese democrats. I, for example, do not recognize myself in the present constitution; I cannot accept provisions such as those that compel me to be a socialist or to build socialism, not being a socialist!

I am not a socialist; I have never been. I cannot accept having the constitution of a democratic country obliging me to be what I am not or to carry out a policy with which I do not agree. I believe that we must formulate a constitution that can be accepted by all, in which all of the Portuguese can recognize themselves, or at least, all democrats, and that embodies the maximum national consensus possible; that is a connecting link between all Portuguese and not, as it is today, a factor of division between the Portuguese.

As a matter of fact, our plan is aimed in that direction: we do not propose to formulate a constitution without ideological baggage, without illegitimate preferences for this or that democratic solution; we want, rather, for it to be the frame of reference in which all democratic political options fit, establishing the rules of the game among them.

The Role of the PCP

DN: What role do you reserve for the PCP in terms of constitutional revision: that of a simple spectator or do you admit the possibility of negotiating with it?

FA: Neither one nor the other. I do not believe we should engage in negotiations with the PCP. But I recognize that the PCP will not be a simple spectator.

I am convinced that the PCP is going to have a very active role in the constitutional revision because it is going to try to put psychological pressure on the PS and the FRS in order to prevent them from making any agreement with the AD. I believe, however, that the PS, especially, and the FRS, generally, will not allow themselves to be influenced by this political and psychological pressure by the PCP and will set their democratic convictions--which they hold in common with the AD and which will be the basis of understanding with us for the forthcoming constitutional revision—above their strictly party convictions.

DN: To what extent is the forthcoming membership of Portugal in the EEC envisaged in the AD's constitutional revision plan?

FA: In one of the very first articles of the constitution, the one that deals with our country's international relations, we propose a specific reference to the membership of Portugal in the EEC. Furthermore, there are several provisions, notably in the economic part of the constitution, for which we propose phrasing that takes into account the requirements posed by Portugal's decision to join the Common Market.

That is the case with reference to the provisions on the general orientation of the economic system or the structure of the production sectors, or pertaining to the commercial circuits or foreign trade. In all of them, there were provisions that were either expressly incompatible with the Treaty of Rome, or were unequivocally contrary to the spirit of that treaty or the system that operates within the EEC.

In any case, I would like to point out that we are not going to propose these modifications in order to be able to join the EEC; we are proposing them because we believe that only they will enable us to better resolve Portuguese economic problems. It is not because we are joining the EEC that we propose those solutions; it is because we believe in them that we propose them and that we want to join the EEC.

Prominent among the principal modifications is that of deleting all references to socialism as the mandatory goal of the economy and of Portuguese society as well as those that aim at building economic collectivism and state socialism.

In addition, we propose a different orientation regarding the production sectors. The division of the sectors into public, cooperative and private will be maintained; with regard to the public sector, however, we believe that it should exist--we even suggest that there be a necessary public sector in which there cannot be any private activity--but of a nature and size allowed by ordinary law and not resulting rigidly from the constitution itself, as at the present time.

Whereas, the constitution sought to establish the size and nature of the necessary public sector, rigidly and once and for all, we propose that this depend on the law and, therefore, on the will of the people expressed in each legislative election.

Such matters depend on the political option of the electorate, and should be decided by the parliamentary majority that may exist at a given time. They should not be rigidly established in the constitution once and for all.

Agrarian Reform

DN: And how is agrarian reform worked into the constitutional revision plan?

FA: We accept the idea that agrarian reform is necessary; reform of the land structures and of land ownership is important in agriculture, but it does not seem to us that agrarian reform is the only thing meriting concern in the area of agriculture. Therefore, under our proposal, the chapter of the constitution that dealt exclusively with agrarian reform will deal more broadly with "agrarian policy."

Agrarian reform will become one of the instruments the state must utilize to implement agrarian policy, but not the only one.

With reference to agrarian reform proper, we believe that it is legitimate and necessary but we do not agree that it must necessarily be oriented in the direction of collectivization of the land and the establishment of state socialism in agriculture.

That is one of the ways of conceiving and understanding agrarian reform, but there are others and we believe that the constitution cannot and should not go beyond

establishing the need and legitimacy of agrarian reform; it must leave to each majority and each government the possibility of carrying out the agrarian reform it sees fit; that is, the one it judges to be more in keeping with the interests of the country, according to its own political and ideological orientation and according to its economic and social concepts.

To be specific: a socialist party will carry out an agrarian reform inclined toward collectivism, giving priority support to the collective production units; but a government such as that of the AD will legitimately carry out an agrarian reform of a personalist nature and giving priority, for example, to family operations and cooperatives and not to the collective production units.

The constitution must at least permit these two types of agrarian reform. Only the objectives that are common to all democratic forces should be embodied at the constitutional level: to improve the living conditions of the people of the rural area; to increase the production and productivity of agriculture; to improve social justice in the agricultural sector and place it on an equal footing with the other economic sectors; to support the conservation and regenerative capacity of the soil; to improve the quality of life of the rural area--all these are objectives that can and should be common to all political forces.

Beyond those objectives, knowing by what specific means the agrarian reform should be carried out, favoring this or that type of agricultural operation, that should not be imposed by the constitution; these are matters that should be left to the majority and to the government that at a given time, on the basis of election results, has the right to govern.

DN: Is there any proposal for the revision of Article 290 that establishes the substantive limits of constitutional reform?

FA: We propose that it be maintained but governed by the purity of democratic principles. Thus, it is necessary to reduce the content of Article 290 so that only those principles be retained in it that are actually common to all democratic political forces and that deal with: in the first place, the defense of national independence and the unity of the state; in the second place, with the permanence and guarantee of political democracy, of the state of law, of the basic rights of the citizen; in the third place, with the type of regime; and finally, with some aspects commonly accepted by Portuguese parties, specifically, the separation of Church and state, the politicoadministrative autonomy of the autonomous regions and the decentralized autonomy of local governments.

DN: During this interview, you have referred several times to the freedom which the constitution must leave to each majority that results at a given time from the elections. Isn't that permitting the constitution, which is understood as a basic document, to be at the whim of the transitory majorities?

FA: The constitution is, or should be, above specific, concrete changes in the composition of the government. And in order to be a democratic constitution and accepted by all, it is necessary that it not enter into the area that should be reserved to the different political options of each party.

It does not make sense that, in a country where the four main political forces are the PSD, the PS, the CDS and the PCP, there should be a constitution that

imposes communism, socialism, social democracy or Christian democracy. What makes sense is having a constitution that insures democracy and that makes it possible to carry out at any given time a Christian democratic, social democratic or socialist policy, according to the results of the electorate's choice.

What becomes dependent on the majorities and the elections, therefore, is not the constitution or its content; it is, rather, the specific policy that is going to be implemented within the framework of the constitution.

That is why the constitution must not be ideological. It must not impose one course to the detriment of others. Rather, it must establish the political framework within which democratic life develops, recognize the right of the electorate to express itself for this or that political force and, consequently, recognize the right of the political forces that win the elections to be able--during the period in which they are in power and as long as they retain the confidence of the voters--to put into practice the ideas, their ideas, for which they merited the approval of the electorate.

8711
CSO: 8142/0591

## STABLE PERSONNEL COSTS ALLOW MILITARY TO IMPROVE MATERIEL

Stockholm DAGENS NYHETER in Swedish 18 Jan 81 p 2

[Editorial by Svante Nycander]

[Text] When the Swedes are worse off, defense gets more money to use. Declining real wages give Sweden a stronger defense.

Defense appropriations increase automatically in step with inflation, calculated according to the net price index. Personnel costs, which are one of the largest items, have risen in the most recent years at a lower rate than previously in relation to inflation. This means that the money which was used earlier for higher real wages for defense employees now is available for other objectives. Suddenly there are resources for the purchase of equipment and for the training of reserves. The liquidity of the defense department is said to be excellent.

During the 70's the cost of wages rose year after year several percentage points faster than the net price index, without the defense department being reimbursed. The wage agreement for 1975/76 tore to shreds defense planning. In the following years it was necessary to achieve savings by means of whatever cutbacks could be made on short notice. Reserve training was cut in half; the acquisition of equipment and the number of ready units were reduced. Thanks to the country's worsened economy, it has now been possible to reverse the trend and recoup a portion of that which had been lost.

The commander-in-chief has routinely calculated that for 1981/82 and the coming 5-year defense period wage costs will increase about 3 percent more than the net price increase each year. If, instead, wages rise 1 percent lower than the net price index, the defense department will have 200 million kronor more for other purposes. If the decline in real wages is greater, which seems likely this year, the result for the defense department will be still better. A reduction by 300 million kronor next year in accordance with the savings plan should consequently be achieved without any difficulty.

You can be sure that the defense committee of parliament wants a less eratic system then the present one in regard to the department of defense's budget for the coming 5-year period. Logically the easiest thing would be for the state to pay the actual wage costs and at the same time establish a fixed requirement for cost cuts.

The effectiveness of defense, that is, value for money, depends on our capitalizing on the investment we have made in training, equipment and installations. To save on reserve training exercises is the same as to write off the resources which have been invested in basic training. If we neglect technical renewal by reducing the purchase of equipment, the effectiveness of the defense set-up will decrease significantly faster than defense costs. In brief, we must insist that a defense establishment which costs 18 billion (kronor) is operated in an efficient manner.

The defense committee is now trying to agree on which units and schools will be eliminated. The commander-in-chief has estimated that about 16 units must be disbanded if peacetime units are not to encumber too great a portion of the resources.

The peacetime organization is determined to a high degree by the requirements of national military service. In the next few years the number of men eligible for registration for military service will increase to about 59,000 and then decrease to about 42,000 in the middle of the 90's. The total cost for each conscript is estimated to be about 100,000 kronor. Every thousand conscripts thus cost 100 million kronor.

It is economically logical to plan now for the peacetime organization and training requirements of the 90's. The coast of training the last few thousand conscripts during the 80's could thus be saved and used for more pressing needs in the total defense set-up. The value of the last units in our rather large army--700,000 men--must be regarded as limited in comparison to strengthening the equipment side or in having a stronger civil defense. Too large an overall organization always runs the risk of being eviscerated by the necessity for short-run savings, for example in reserve training.

All countries in Europe with the exception of Great Britain and Ireland have so-called national military service, but in practice the entire annual class is not trained. In Denmark only 40 percent of the men eligible for military service are called up. Up to now such a so-called category division has been uniformly rejected in the debate concerning Sweden's defense; but it is becoming obvious that a strictly applied general military service poses a danger for total defense. It leads to quantity being given priority over quality. In giving all conscripts a wartime assignment, the civilian sector looses too great a portion of its most efficient workers with mobilization. For example, if every tenth conscript were assigned at the time of his initial registration a civil task and trained for it, our civil defense would be more credible and could be put on a war-footing faster.

The defense potential has been eviscerated by resources being allocated by peacetime requirements rather than the demands of war. One example is the unit merry-go-round stemming from the regional-political decision to place K1 (a regiment) in Arvidsjaur. This resulted in there being an excess of training slots, which was then balanced by P1 in Enkoping being eliminated. But Enkoping was regarded as being treated unfairly as a locality, so S1 was ordered to move from Uppsala to Enkoping at a final cost of 400 million kronor, double what had been calculated.

Sections of the defense research institute have been moved earlier to Umea, Karlstad and Linkoping. Current at present is the move of the remaining sections to Botkyrka in accordance with the government's promise. The commander-in-chief says no to the move. Up until now the defense minister has said neither yes or no.

Since the new construction is regarded as completely unnecessary from the defense point-of-view, the decision when it is made will be an illuminating example of the ability to resist local interests during the necessary structural reorientation of defense during the 80's.

6893
CSO: 3109

## MILITARY TRAINED IN USE OF 'DRAGON' GUIDED ANTITANK MISSILE

Zurich NEUE ZUERCHER ZEITUNG in German 7 Jan 81 p 20

[Text] Lt Col Andreas Schweizer, in charge of infantry, called the present introduction of the "Dragon" "good to very good." At present, 49 of a total of 94 companies have been retrained for the guided antitank missile. Experiences gained during the first phase are now evaluated for the second phase.

### More Effective Antitank Fire

The term "Dragon" for the Guided 77 Surface-To-Surface Antitank Weapon (PAL BB 77) is already in common use in the armed forces. With the introduction of this weapons system, antitank fire can be concentrated and range increased. A tubular tank grenade is used for practical ranges up to 1,000 meters. In comparison to the "Bantam," the "Dragon" represents a second generation: The missle no longer has to be aimed at its target with a control column; instead, the gunsight remains on the target and all "orders" are passed electronically by wire to the guided missile (so-called semiautomatic).

### The New Combat Element in the Batallion

Planned for 1980, and to be concluded by the end of 1981, are 94 Type B guided antitank missile companies (PAL companies) (Type A is equipped with "Bamtam.") There will be 3 units (1 infantry regiment with 3 light infantry batallions for each PAL company), in the field army corps 91, and the mountain corps another 10.

In order to assure good training for these companies, an instructor pool was formed which must guide the militia troop through the preparation, initial cadre courses and refresher course phases. In addition to the routine instruction and preparation, special attention must be paid to things such as finding simulator firing ranges, ordering special training tents, etc.

Some personnel problems surfaced early. The predominantly young commanders often did not know their platoon leaders, the team came from different formations. Lt Col Schweizer and Mrj Richard Ott, whom we observed at work at the 20th Infantry Regiment, would have preferred it--considering this heterogenous team--if a special ad hoc batallion had been formed for training. The other solution, which was also used, namely, the incorporation of three PAL companies into an existing infantry batallion, could prove too demanding.

In contrast to the previous introduction of the automatic rifle, the plan now called for the introduction of the "Dragon" to the cadre not on a step-by-step basis but all at once within a 1-week initial cadre course; only unit commanders enjoyed an--albeit rudimentary--introductory lesson. The program was apparently successful; it put emphasis on the simulator in the initial cadre course, forced the combination of weapons technology and methodology, but was forced to neglect the combat training aspect.

A minimum of soldiers (30 per unit) is trained in the refresher course. By the end of the second week, a selection process takes place, where an 80-percent hit accuracy must be achieved. Whoever reaches this goal gets a chance to fire a blank grenade later. Additional selection takes place in the third week; those who perform well may fire a blank grenade on the range. Major Ott made the observation that practically every miss was caused by the operator's wrong position. He also noted, however, that rivalries can break out between the soldiers and their comrades, and between those who "received" a blank grenade and the others. It was up to the commander to maintain a spirit of comradery.

The troop has apparently accepted the program well. Col Roland Roethlin as commander of the 20th Infantry Regiment also spoke of an exemplary model. Maj Sigisbert Schnyder, who was in charge of the 20th Infantry Batallion as well as the 20th PAL Batallion, was also positive.

The 6th Field Division agreed with the judgment made by the 8th Field Division. Here we spoke with Capt Hans-Martin Albrecht, whose PAL company V/68--according to the same pattern--was incorporated into the 27th Infantry Batallion. He also would have preferred a separate ad hoc batallion, especially because it would have simplified administration. The expreience of the introductory "Dragon" course was extremely interesting to him, especially because of the company's new formation. According to him, it had been difficult for the mountain troops in the beginning to "descend into the flatland," and the desire to return to their horse just as soon as possible was written clearly in the faces of the former service unit soldiers. In the beginning, there was a certain stress, according to the company commander. Latent psychological problems exist, perhaps to be expressed only later. But Captain Albrecht remained confident even on this point: The troop will realize that the front line will not succeed if there are problems further back. But this cooperation will have to be worked on.

Captain Albrecht considered the time for training short. But thanks to the outstanding preparation by the instructors, much was achieved. In his opinion, the time was short especially for the cadres. The cadre had been under very much pressure during the refresher course.

Regarding the psychological problems, Colonel Schweizer, as head of the instructors, explained that the men from the service unit formations had done extremely well. They are--probably because of their prudent temperament--at the top when it comes to hit results. The pride over their good hit results surely compensated them for any pain caused by having to leave home.

'Dragon' for the Territorial Reserve?

Major Ott confirmed that a "Dragon" introduction to the territorial reserve is significant if it is initiated with a 1981 armament program. By the time this program is finally realized, the first specially trained soldiers would be ready to join the reserves. Major Ott as well as Colonel Schweizer emphasized the tactical deployment is not the only thing in favor of a "Dragon" introduction to the reserves. It is also the quietness and prudence of the older soldiers which practically predestine them as operators of a guided antitank missile. A test has shown that this supposition is correct. After only 8 training days, a reserve test formation reached a 100-percent hit accuracy.

When, at the end of 1981, the retraining of the remaining companies is completed, all 94 PAL companies will begin their normal duties within the larger units that they are a part of. Then the schools will again receive the approximately 50 instructor officers and NCO's who had been "lent out" temporarily for the purpose of the "Dragon" introduction.

9328
CSO: 3103

## ALTERNATIVES TO OZAL POLICY DISCUSSED

Istanbul DUNYA in Turkish 10 Dec 80 pp 1,5

[Text] Prominent businessmen answered the question: "Are there alternatives to the 25 January decisions?"

Ali Kocaman, general chairman of the Turkish Industrialists and Businessmen's Association [TUSIAD], said, "An alternative to the system which is trying to be put into effect may be debatable, but not the 25 January decisions." Refik Baydur also said, "An alternative other than the 25 January decisions may be possible only from the standpoint of the regime." Asim Kocabiyik, however, said he did "not think there was an alternative to this system." Kocaman, Baydur and Kocabiyik all stressed the need to take measures to make the 25 January decisions work.

### Kocaman: "Opponents of System Must State Alternative"

Answering questions on the topic, TUSIAD General Chairman Ali Kocaman said that the 25 January decisions had not been taken in order to change the existing economic system, but "to make the economic system work, to make the existing economic system more productive, profitable and rational." He described the 25 January decisions as "a series of decisions adopted especially for the purpose of taking a realistic approach to and treating certain economic problems calcified by political intervention," and said the following in summary:

"Taking a year after announcing the 25 January decisions to get around to the needed changes in the tax laws, which are the most important complementary element to the 25 January decisions, has caused delay in getting the full benefit of the 25 January decisions. Moreover, it seems that introducing radical solutions to the problems which everybody agrees exist in the Public Economic Enterprises is going to take quite a while longer."

Stressing that the 25 January decisions were intended to bring viability to the existing economic system, Ali Kocaman said, "And so an alternative to the system which the 25 January decisions are trying to make work may be debatable, but not an alternative to the 25 January decisions. Those who oppose the system which the 25 January decisions are trying to make more effective should say what this alternative is."

Businessman Refik Baydur said that an alternative different from the 25 January decisions might be possible from the standpoint of a different regime and added, "By making this choice in Turkey, a definite route was carved and weight given to the market economy."

Refik Baydur noted that instead of an alternative to the 25 January decisions, there might be "certain adjustments and changes in implementation in their own structure" and said:

"Three major points are being stressed: Priority to exports in Turkish industry, stressing big business in tourism and agriculture, and taking up energy as a whole from oil to dams."

Refik Baydur added that in the course of dealing with these three major points it was "necessary to prepare private enterprise-oriented possibilities as contained in the basic philosophy of the 25 January decisions."

Kocabiyik: No Alternative to System

In answering the same question, businessman Asim Kocabiyik said, "Turkey is a democratic country," adding, "The 25 January decisions have clarified the principles inherent in the social and economic order in Turkey, which is a democratic nation." Noting that the decisions were directed toward eliminating problems which prevent healthy development of the economy, Kocabiyik pointed out that he did "not think there is an alternative to this system." "However, it needs certain new supplementary decisions; certain measures can always be revised," he said.

8349
CSO: 4907

## CURRENT INTER-WORKINGS OF TURK-IS EXPLORED

Istanbul CUMHURIYET in Turkish 26 Dec 80 pp 5, 7

[Article by Sukran Ketenci: "Days of Testing for Turk-Is"]

[Text] Both because it has succeeded in preserving the largest organization of workers in Turkey and because the activities of DISK [Confederation of Revolutionary Worker Unions] have been suspended, the position of Turk-Is and its stand in view of developments have assumed great importance as the future of workers' rights unfolds.

It was unfortunate that Turk-Is instructed its member unions to suspend their activities, stating that if they did not do so Turk-Is would not accept any responsibility for any possible consequences brought about by all forms of normal and legal union activity. We say this because although this note, sent in the name of the top leadership of Turk-Is to the member unions, has not been withdrawn, some unions belonging to Turk-Is have convened their executive boards, and members of the Turk-Is leadership have personally taken part in these meetings. Now Turk-Is itself has convened its executive board. Demanding the cessation of all union activities, including the issuance of statements, by some member unions within the same confederation, while for other member unions even the convening of executive boards is accepted as unobjectionable, is a state of affairs that above all threatens the unity of Turk-Is.

Another misfortune for Turk-Is is the fact that Sadik Side did not resign, even temporarily, as general secretary of Turk-Is when he became minister. It is indisputable that the Ministry of Social Security is a ministry that is directly concerned with workers' issues, and that the appointment of a union man to this ministry can be seen as reassuring from the point of view of workers' rights. Nevertheless there are innumerable possible objectionable aspects to one person performing simultaneously the duties of minister of social security and general secretary of Turk-Is, and we suspect it is a situation unparalleled in world practice. If a person in his position as minister, acting as an executive and aid to the lawmakers, has to give an accounting of what he has and hasn't done in the interests of workers' rights as a labor leader before the executive board of his organization during different hours of the same day, this is likely to damage his impartiality in the duties of his ministerial office.

Although the agenda of the executive board meeting and the fragmentary news reports of its deliberations do not reflect the whole of the meeting, they do show that it

is not proceeding in a manner suitable to the mission that Turk-Is has taken on. Even while all workers' rights are on the agenda, while very important workers' rights, the law on the transitional period, and the laws which will shape the future are being debated, Turk-Is seems to concern itself with only one aspect of workers' rights. Only those aspects of workers' rights concerned with wages and money matters, such as collective bargaining agreements and the fund for seniority compensation, form the main items on its agenda. Yet one of the principal concerns of Turk-Is ought to be the placement of employment security, of unemployment insurance as problems on its agenda. While voicing demands for the completion of interrupted collective bargaining, Turk-Is ought to have views on the law on the transitional period as well, a law that will affect not only this matter but worker-employer relations for all of the transitional period and the future.

The leadership of Turk-Is, which has not felt the need to concern itself with these very important matters, has not, however, been able to pretend ignorance of another vital concern. This concerns the workers belonging to DISK, which has had its activities suspended. There is talk of organizational efforts aimed at bringing these workers together within the framework of Turk-Is in the future.

The activities of DISK have been suspended. Developments cannot be interpreted to mean that workers who have chosen DISK are ready to accept the unions within Turk-Is with their present-day leaderships. Turk-Is is defending its status as the sole and powerful union, but if it is to defend free unionism, it has to accept the fact that this is closely connected with the free will of the worker.

9620
CSO: 4907

## SUPREME ARBITRATION COUNCIL TO HANDLE LABOR CONTRACTS

Istanbul CUMHURIYET in Turkish 26 Dec 80 pp 1, 7

[Statements by Minister of Industry and Technology Sahap Kocatopcu and Minister of Labor Turhan Esener at the executive board meeting of the Turk-Is labor federation in Ankara on 25 December]

[Text] Ankara, 26 December--CUMHURIYET--At the executive board meeting of Turk-Is that continued in Ankara yesterday, Minister of Industry and Technology Sahap Kocatopcu gave a speech in which he asked workers and employers to unite in the interests of the country. While discussing policies on employment, he stated that "calm will not be achieved in this country as long as the unemployed as a group remain neglected."

Minister of Labor Turhan Esener in his speech made clarifying statements on the new collective bargaining system that had been enacted into law the preceding day, stating that uncompleted or deadlocked collective bargaining negotiations would be resolved between the unions and the Supreme Arbitration Council.

Kocatopcu's Speech

In his speech before the executive board of Turk-Is, Minister of Industry and Technology Sahap Kocatopcu stated, in summary, the following:

"I have complete confidence that the problems of the present difficult period will be overcome as workers and employers, putting their own interests second, unite in the interest of the country.

"As a Minister of Industry, charged with protecting the interests of both entrepreneurs and owners of capital, groups of administrators as well as consumers, I am pleased to be able to express this confidence.

"We are dutybound to consider the interests of consumers, as well as the interests of the unemployed.

"If the unemployed as a group remain neglected calm will not be achieved in this country. If we can find a way of resolving these problems under the present difficult circumstances, problems that have been neglected until today, we are indeed fortunate."

## New Contracts for a Transitional Period

Minister of Labor Turhan Esener, in his remarks on the subject of the new labor situation, stated the following. He said that collective bargaining negotiations that had begun before or after 12 September, but had been suspended for various reasons, would be brought to a swift conclusion, and that points of disagreement would be resolved by the Supreme Arbitration Council. He explained that this procedure would remain in effect for a transitional period. Esener also stated that collective bargaining disputes at the stage of disagreement and problems over jurisdiction would also be resolved by the Supreme Arbitration Council.

9620
CSO: 4907

## NEW TAX REGULATIONS ACCEPTED

Istanbul MILLIYET in Turkish 10 Dec 80 p 9

[Text] Ankara, Special--The National Security Council [NSC] has discussed and accepted four separate draft laws revising the Property Tax, the Property Purchase Tax, the Building Construction Tax and Inheritance and Death Duties.

In accordance with the revisions in these laws, the 4,000-lira exemption in inheritance and death duties is raised to 1 million liras and 300,000 liras of the tax value of residential buildings in villages are exempt from property taxes. A change in the Building Construction Tax Law exempts from construction taxes buildings of less than 100 square meters and raises the amount of the tax on other buildings.

All building construction including additions and modifications within municipal limits or in adjacent areas will be subject to building construction taxes at the rates and limits shown in Table 1 when obtaining construction or modification permits.

Building construction taxes as applicable to construction of workplaces are shown in Table 2.

Table 1. Table of Construction Tax Increase

| Building Space<br>Housing Construction | TL per square meter of concrete, steel, brick, partial brick | | TL per square meter of timber, other materials | |
|---|---|---|---|---|
| | Old | New | Old | New |
| 101-120 square meters | 20 | 250 | 10 | 150 |
| 121-150 square meters | 50 | 1,000 | 20 | 500 |
| 151-200 square meters | 60 | 2,000 | 30 | 1,000 |
| Over 200 square meters | 150 | 3,000 | 50 | 1,500 |

Previously, concrete cost 25 liras per square meter and timber 15 liras for office construction of up to 50 square meters; concrete cost 50 liras and timber 25 liras for office sites of 50-100 square meters; and concrete cost 75 liras and timber 35 liras for sites over 100 square meters.

Table 2.

| Building Space | TL per square meter of concrete, steel, brick, partial brick | TL per square meter of timber, other materials |
|---|---|---|
| Up to 25 square meters | 125 | 75 |
| 26-50 square meters | 250 | 125 |
| 51-100 square meters | 500 | 250 |
| Over 100 square meters | 1,000 | 500 |

These schedules will be raised by 5 percent in cities with a population within the municipal limits of between 100,000 and 400,000 and 10 percent in cities with a population of more than 400,000

If the usage of residences or workplaces changes requiring application of a different schedule, this change will be considered modifications and taxed accordingly. If construction was begun without a permit, taxes will be due, and if modifications and additions are made to structures built after the effective date of the law, the tax will be computed on the total of the original surface area of the building and the surface area of the added portion.

Exemptions

Building construction exempt from building and construction taxes are listed in the law as follows:

--All buildings whose construction costs are covered by general, mixed and special administrations and municipal budgets,

--Hospitals, sanitariums, clinics, dispensaries and similar health institutions,

--All factories, mills and plants of an industrial nature,

--Hotels, motels and similar tourist establishments which come under Tourism and Information Ministry and State Planning Organization incentive programs,

--Artisans' markets and arts and crafts collectives built in compliance with primary contracts by means of cooperatives,

--Houses of worship and their annexes used exclusively for religious services and open to the public,

--Schools and student dormitories built to be turned over to the state without compensation,

--Housing units whose structure, including annexes, does not exceed a gross 100 square meters and all structures built within municipal limits where the population is less than 20,000,

--Structures burned, destroyed or rendered unusable by natural disasters such as earthquakes, floods and fire which were built by individuals in the places where

natural disaster occurred within 5 years at most of the date on which the disaster occurred or places designated by public agencies.

--Structures built by the owners of buildings in places subject to damage by fire, flood, rock slide, avalanche, and similar disasters in places designated by public agencies within 5 years at most of the date of notification by the authorized agency of subjection to disaster.

Additions and Modifications

Those who obtain building permits for construction, additions or modifications will pay building and construction taxes and those who have begun construction without a permit will be required to obtain a permit. The tax bracket will be the total of the individual surface areas of the construction of each housing or workplace unit. Documents are to be sent to the competent tax office within 15 days at most of the first of the month following the month in which the required procedures were undertaken.

An amendment to the Property Purchase Tax Law brings under the tax the transfer of ownership of property not recorded at land register. That is, the sale and purchase of real estate without recorded deeds will be subject to property taxes.

When structures are built on a lot or buildings, independent sections or floors are added to existing buildings, the one who pays the tax will be the individual or legal entity which owns the part of the lot on which the independent sections or floors are built, or in the case of buildings, which owns the building. Those who build structures on a lot or make additions to existing structures entirely for the purpose of selling to other taxpayers will be exempt from property purchase taxes for 2 years after the date of completion. The 50,000-lira property purchase tax exemption remains intact in the new law.

The tax will be imposed upon submission of a written statement to the tax office in the case of the transfer of ownership of real estate not recorded at land registry and to the land register officer in cases where no deed is recorded. The imposition procedure will be done within one month following notification of the taxpayer that the procedure has been set up for sales of buildings with no occupation documentation or of real estate with no recorded deed.

Notary Responsibilities

For the purpose of preventing tax losses on properties transferred by notarized deeds, notaries are required to present to the tax offices within 15 days a copy of transfer contracts they write or approve. Should notaries fail to report, they will be held responsible for the tax which should have been collected.

The form and conditions for taxation of public and worker housing will be determined separately by the Finance Ministry in consultation with the Reconstruction and Resettlement Ministry.

The law amending the Property Purchase Tax Law will go into effect as of 1 January 1981.

A change in the Property Tax Law exempts from property taxes buildings connected with the charitable foundations granted tax immunity by the Council of Ministers and private school buildings belonging to communities considered minorities according to the regulations of reciprocal international agreements.

The first 300,000 liras of the tax assessment of buildings used as dwellings in villages will be exempt from property taxes, but this exemption will not apply for residences used occasionally for recreational purposes which are not continuously inhabited.

More Than One Residence

The property tax rate set for buildings is 6/1,000. The property tax on buildings used as dwellings is 4/1,000. For those who have more than one residence within the borders of Turkey, this rate will apply to only one residence. Statements to be given once every 4 years for buildings, lots and land will be made in March, April and May of the budget year following the date which the Finance Ministry sets for general taxpayer statements. The general statement period may be reduced to 3 years by decision of the Council of Ministers. Village headmen and elders may be paid a fee not to exceed 750 liras each per year for their endeavors in connection with implementation of the law.

Another change in the law disallows invoking the regulations on serious omissions and evasion penalties of the Tax Procedure Law in enforcing the property tax.

The 1980 budget law and property tax will be figured according to the regulations of the new law, taking the period for submitting subsequent declarations for buildings subject to general statement as beginning with 1980. Taxpayers who submitted statements by 29 August 1980 and in the 2-month extension following this date will have until the end of January 1981 to redeclare at the higher rate the tax values they reported earlier.

Another change in the law will cancel those property taxes and related fees and penalties in effect as of 1982 for private school buildings belonging to minorities which have not been collected by the effective date of the law. Taxes, duties, penalties and late fees put into effect and not yet collected by provincial special administrations as related to periods prior to the effective date of the amended Property Tax Law will not be collected. This article of the law will go into effect on the date of publication, the other articles on 1 March 1981.

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## EVREN SPEAKS ON CONSTITUTION, SECTARIANISM, DEVELOPMENT

### Public Address in Konya

Istanbul CUMHURIYET in Turkish 16 Jan 81 pp 1,5

[Article by Hasan Cemal]

[Text] Konya -- Head of State Gen Kenan Evren announced that the constituent assembly would be formed on a date between 30 August and 29 October.

Stating that they had requested prior to 12 September that measrues be taken to combat anarchy but could not make themselves heard and that the Constitution had aided the anarchists in their work, Evren called on "the men of religion not to interfere in affairs of state." Evren also answered criticisms to the effect that the right of defense would be restricted and said, "It is as if we were a party, and they were doing everything they can to defeat that party."

Constituent Assembly

General Evren said that no one from the parties would be allowed to sit on the constituent assembly as party members, adding: "They should not get their hopes up; we will not surrender the country again to those who brought the country to this state. A few do not have a political monopoly on this country. This country has many more qualified politicians. For this reason, public employees should not worry, thinking the old administrations will return to power; they should go on with their jobs in an impartial way."

General Evren pointed out that after formation of the constituent assembly, the National Security Council [NSC] will serve "senate duty" and said that bills would come from the constituent assembly to the NSC and would enter into law after the necessary processing there.

In his public address, Evren again spoke of a timetable for democracy and said:

"We said that we would give priority to the struggle with anarchy and then the constituent assembly would be formed. We said the next thing would be the writing by the constituent assembly of the new constitution, elections and political parties laws and other related laws. We said that after this, democracy would be restored by turning the nation over to an administration bound by the principles of Ataturk. Let no one doubt this. This is the word of a soldier, the word of honor."

Warning to Religious Men

Head of State General Evren, speaking in Government Square, remarked that the people of Konya are enlightened people and that Konya has always been a cultural center, but he said that certain ill-intentioned individuals were trying to make Konyans out to be backward and reactionary. Noting that a demonstration had been attempted in Konya prior to 12 September and that those who arranged it had now accounted for it, Evren said, "If religious affairs are confused with affairs of state, we cannot manage this country in this century, at this stage of civilization. We are always respectful of the men of religion. We go to them for religious instruction. But we also beseech those venerable men of religion not to interfere in affairs of state. Our religion is not antagonistic, it is a religion which prescribes brotherhood. There is no holy war in this age. The Crusades are a thing of the past."

Post-12 September Accomplishments

General Evren reported that the struggle against anarchy and terrorism had come a long way and said: "But we have not yet fully uprooted it. But don't worry. We will dig out the roots. You can believe that we will not let either communism or fascism into this country. We will not permit what the separatists and those who wish to exploit our religion are trying to do. We will restore the principles of Ataturk to their proper place."

Anarchy Report

Recalling that 10,319 weapons and 183,745 pieces of ammunition had been seized in operations since 12 September and that 160,170 weapons and 635,707 pieces of ammunition had been surrendered in accordance with the law, Head of State Evren said, "This is many times more than what the 2nd Army has. I have said elsewhere that it 'will equip a division.' And that is more than an army. This is how bad it was. The country had become a nest of arms and ammunition everywhere." Comparing a week prior to 12 September with a week now, he gave the following information:

| | Past Week (in 20 provinces) | Last Week (in 67 provinces) |
|---|---|---|
| Attacks | 202 | 18 |
| Explosives | 127 | 10 |
| Posters, placards | 225 | 59 |
| Deaths (per day) | 10-20 | 1 |

Fatsa Operation

Evren said that in the operation recently in Fatsa, which was "the communist headquarters," 850 militants had been apprehended, 7 of whom were killed, that 825 guns and 9 machine guns had been found and this did not include the 88 seized just yesterday.

Noting that the modus operandi of the "communist organization" uncovered in Ankara had been shown on television, Evren said, "If we had waited longer, they would have seized the state. Perhaps they would be making this speech." "God forbid," he said, adding, "Don't worry. God will forbid."

"Faulty Aspects" of Constitution

General Evren said that he had heard rumors about why anarchy could not be stopped prior to 12 September even though martial law was in effect and continued as follows:

"Let me answer: We made proposals on various occasions before 12 September for the struggle against anarchy and terrorism. We said that a number of laws should be passed and amended. But at that time, it was said, 'No, it is antidemocratic; no, it is against human rights.' There were sides on which the administrations depended. They said that the police and security forces, which act impartially, were not on their side. Moreover, there were faulty aspects of the constitution. Some of them are very fond of this constitution. This constitution aided the anarchists in their work. Many laws could not get through the houses of parliament. They were playing 'keep away,' taking turns tripping up each other. We have been working night and day and have begun to get the laws out."

Economic Developments

Stating that money could not be paid to the workers and peasants during previous administrations because there was no money in the Treasury, General Evren said, "Nonbacked money was printed by the Central Bank. And this is how inflation got so bad." Noting that the budget they had taken over had a 160 billion-lira deficit and that past governments kept making new withdrawals, inflating the budget, Evren also spoke of the State Economic Enterprises and, by way of explaining the reasons for their losses, said, "Incompetent management. If you put 1,000 people in a place where 100 ought to be working, there is bound to be a loss. Every incoming administration made these places their feedbag." Evren said that for every worker below ground in the Turkish Coal Works at Zonguldak there were 18 working above ground and added, "Why did coal go up? This is why."

Stating that the administrations had corrupted the civil service hiring system, Evren said, "There will be no return to the old way in the future. No ministry will be able to do any staffing without the approval of the legislative body, that is, the Assembly." He called for conservation in every imaginable area. For those opposed to the television restrictions, he said, "Let us sacrifice a little pleasure and entertainment."

The head of state indicated that criticisms of the tax laws had been directed mostly to technocrats or bureaucrats, that there had been an "outburst of invective," but said there was no such thing as a perfect man, that the errors made in implementation would be corrected but asked for time. Stressing the public antagonism toward the police and gendarmerie at the time of the DP in the 1950's, Evren asked that the technocrats not stir up the people against them by saying, "So this is how they act." He gave the following answer to criticisms that the right of defense would be restricted by the court fees:

"If those of our citizens who say that the right of defense has been restricted were taking less money from the citizen exercising the right of defense, they would be doing the citizen's right of defense more good. It is not the 3,000 to 5,000 liras the citizen will pay the court that ruins him. It is that money he pays in

order to be defended, the 50,000, the 100,000, the 200,000 liras -- that money ruins the citizen. We introduced the 5-lira stamp to prevent abuse of petition. Five liras will not kill a citizen, or ruin him."

Evren said that Turkey had the capacity to raise 40 million tons of wheat, that development of our agricultural, animal and underground riches would be possible and that when we increased production, we would be saved from begging. "It goes against the grain to beg money from foreign nations," he said.

## Speeches in Hatay, Kahramanmaras, Gaziantep

Istanbul DUNYA in Turkish 18 Jan 81 p 5

[Excerpts] Hatay -- On his tour of the nation, Head of State General Kenan Evren said in a speech in Hatay, "There are those who wish to divide our people here by making Alevi-Sunni distinctions," and requested that all fight together against the separatists. Arriving in Hatay by road from Iskenderun at 0830 hours yesterday morning, Head of State Gen Kenan Evren attended a briefing at the Hatay governor's mansion.

Also attending were the NSC members, 2nd Army commander, VI Corps commander, 39th Brigade commander and Mediterranean Region commander. General Evren then went to the municipal building to deliver a public address in which he said, "The Turkish Armed Forces have pledged themselves to the nation." He indicated that this oath would bring no new ism to Turkey, but rather the principles of Ataturk. Evren continued as follows:

"There are those who wish to make Alevi-Sunni distinctions to divide an area of our people who speak the same language, who have one Prophet of Allah, one Koran, who are one under the same flag. You and we will all fight them together."

General Evren remarked in his speech that those who try to bring fascism and communism to Turkey will be caught and crushed and said that the nation "needs enlightened hodjas." Giving examples of the words of a hodja who spoke at the foundation-laying ceremony of a mosque in Hatay not long ago, General Evren spoke as follows to other men of religion:

"Let them take this hodja as the model hodja and not confuse religious affairs with affairs of state."

Head of State General Evren and his accompanying delegation left for Kahramanmaras by helicopter at 1130 hours.

### Evren in Kahramanmaras

Head of State Gen Kenan Evren arrived in Kahramanmaras by helicopter from Antakya at 1245 hours yesterday. Head of State General Evren was met at the province border by Governor Celal Guven, Martial Law Deputy Commander Brig Gen Yusuf Haznedaroglu, Adiyaman Martial Law Deputy Commander Col Nicabettin Ergenekon and Mayor Isa Kalkaf.

Head of State General Evren said, "Sectarian thoughts are the thoughts of the Middle Ages. They are still in the dark ages. They have no place in our time."

Title Not Given Easily

Speaking to the citizens assembled in the town square, Head of State Gen Kenan Evren said the following:

"I greet you all, the valiant children of this heroic city, with my best regards. The title of hero is not easily given, even to one individual. But it is harder still to give a city the hero's honor. Only one of our 67 provinces, only our Maras has earned the title of hero [kahraman].

"I say that the title of hero is not easily given to a city. The reason is that this city was saved by militia forces with arms seized from the occupying enemy with its modern and far superior weapons. Therefore, this city has been given the title of hero. Any pride you may feel in this name at the moment is too little. Everywhere we have gone, we have been welcomed with great enthusiasm, great interest, but nowhere so much as here. This makes all of us happy. Our eyes are filled with tears. Thank you; God bless you.

No More Painful Page in History

"I came here before as chief of the general staff after December 1978, which will remain as a tragic page in the history of Kahramanmaras. But those days are now behind us. God willing, history will never again write such a page in this city. What I would say now to those who caused it, is 'Why?' This city of ours had a special importance in our War for Independence. Your fathers or grandfathers fought in unity and cohesion against a merciless and mighty enemy. They proclaimed before the whole world that they would relinquish Turkish soil to no one, and in this way drove the enemy out. If we were to encounter the same situation again, it is certain that you, too, would demonstrate the same heroism, because the heroic blood of your forefathers is in you.

"This is the story of the people of this area who unite like an iron fist against the enemy. Can such a people be destroyed? Can such a land be conquered? Surely it cannot. But secret and subversive forces, which wish to destroy us by planting seeds of discord among us, have attempted every abomination in the recent past and, as we all know, have bathed this beautiful part of the country in blood. And I would like for you to have the comfort of knowing what their purposes are. They are traitors."

In a Downpour

Head of State General Evren's speech was interrupted by frequent applause from the large crowd filling Kahramanmaras' Government Square. Standing in a heavy downpour to hear the head of state, the crowd frequently erupted in demonstrations of affection, shouting, "Evren Pasha, Evren Pasha."

No Sectarianism in Our Religion

General Evren went on with his speech as follows:

"Those traitors tried to sow seeds of discord among us, saying, 'This one is Alevi; that one is Sunni,' trying to make them enemies. But now they have their punishment, and there will be more to come. There is no sectarianism in our religion. Did our Prophet, who entrusted to us our religion, the final religion, give us this religion in sects? Those who came after created this sectarianism. If they had known that a time would come when the Muslim sects would be at each other's throats, that such a thing would happen, it is certain that the great saints Ali and Muaviye would not have fallen out with each other. How were they to know that a time would come when such would happen? We believe in one Allah; we have one Prophet. We pray according to the same surahs of the Koran. Yet this difference is why we are all free in our belief; it is why Ataturk gave this country the secular principle. And this is one of his greatest reforms. If we had not adopted secularism, you can imagine how these religious differences would enter the state, what shreds, God forbid, we would be in then. It is for this reason that we so often invoke Ataturk's principle of secularism. We do not interfere in anyone's religion. Everyone is free in his religion, in his denomination, to worship wherever he wishes, and no one may interfere.

United States Also a Union

Let me give an example from the United States of America. America is formed of peoples which came from Britain, from Poland, from various European countries. The individual peoples united there and formed a state called the United States of America. They united, so why should this nation, which comes from the same race, which uses the same language, which has the same tradition, not be one like the United States? Why should there be enmity one against another? The reason is the use of these religious beliefs of the people to set them one against the other, to set Turk against Turk. But you -- we -- are not taken in by this. The intruders were. Let us work together so that it does not happen again.

We Are Not Deceived

"This sectarian thought is thought from the Middle Ages. It is still in those dark ages. It has no place in our time. Those who hope to gain by it are the ones who are deceived. The ones who nourish secret ambitions as I said before. It is the work of those who wish to divide, partition and destroy Turkey. You know this is so. Make no mistake, it is the work of those who wish to bring a communist, theocratic or fascist regime to Turkey.

"Our answer to these traitors must be this: Our face is turned to the future. We no longer accept the mentality of the Middle Ages. We are not divided. We are not deceived. We are brothers of the same nation."

An Imam's Speech

Head of State General Evren read passages from a speech made by an imam at the foundation-laying ceremony for a mosque in Hatay. The head of state reported that the imam had said that the 12 September action was an action to further the principles of Ataturk and that the Ataturkist reforms had rescued Turkey from the brink of the abyss by means of the 12 September action.

Head of State General Evren then read the following passage from the imam's speech:

"Ataturk, the great Turk, the great hero and the great man, founded this Republic on a system for all time and all ages." He then explained the following things which the imam had said:

"We had come as far as 1980 and were heading for a civil war. But Ataturk, as a great Turkish hero and a great man, had founded this Republic on a system that would be appropriate to all ages. Despite all of Ataturk's virtues, however, he was the target of evil opposition. They said that Ataturk was an atheist. No, a thousand times, no. Ataturk was not irreligious. But he did prevent religion from being the tool of politics. This is not lack of respect, but rather the essence of respect, for religion."

Enlightened Men of Religion

After reading the imam's speech, Head of State General Evren continued as follows:

"This is an enlightened man of religion, the kind we are looking for. We have never been against religion, and neither was Ataturk. He said, 'Everyone is free to worship as he pleases.' But nevertheless, certain opportunists have accused him of atheism. As this hodja said: A thousand times, no; Ataturk was not atheistic. He respected our religion and even other religions. Our religion even recognizes the saints of other religions. Then why is it that it cannot accept sects within the same religion, why should they be enemies of each other? Why should those who accept the saints of other religions as saints be at each other's throats because of sectarian differences? If you think about it this way, then there is no reason whatsoever for us not to be brothers with one another. There may be backward-thinking religious functionaries who will tell you the opposite. Don't you believe them.

Let Us Work Hard

"Trust each other and embrace each other. It was for that that Ataturk said: 'Be a Turk, be proud, work, trust.' You must trust each other to do this. You must be proud of being a Turk and you must work. Let us work, let us all work together, let us work hard. Let us prepare a bright future for our children. Only in this way can we create a strong and great Turkey."

Our Underground Riches

Head of State General Evren then gave information on the new tax laws. He said that bills which the political parties had been unable to pass for 10 years had been entered into law in 1 month.

General Evren called on the citizens to plant more crops on their land and enrich both themselves and the state.

The head of state then concluded his remarks as follows:

"Our underground wealth must be put to work in a way to save us from these debts and poverty. We have struck oil near Nusaybin. This comes to us as good news. God willing, we will get a lot of oil here and save ourselves from going begging to other nations.

This Nation Does Not Deserve Poverty

"With its underground wealth on one hand and the sale of goods produced by our heroic workers on the other, this Turkey could be a very rich nation. Does Turkey have the right to this? This nation does not deserve poverty. It deserves wealth and prosperity."

Great Show of Affection

Following his speech, Head of State Evren received information on the province's problems from Governor Celal Guvenc at the government building. Citizens waited in the rain until General Evren came out of the building, giving him a great demonstration of affection upon his departure.

Head of State General Evren and the NSC members then left by road for Gaziantep at 1545 hours.

In his public address in Gaziantep yesterday, Head of State General Evren asked that public contributions to the force foundations not be compulsory. "The products raised in our country are sold for peanuts to other nations and either heroin or arms are sent back," he said.

General Evren arrived in Gaziantep at 1645 hours with the NSC members on the third day of their tour of the nation.

He was greeted with a military ceremony at the 5th Armored Brigade Command and, after inspection of the troops, attended a briefing there.

Head of State General Evren then made a public address from the balcony of the provincial building in which he said:

"Neighbors of Gaziantep in Southeastern Anatolia, dear citizens: I chose Gaziantep as the last stop on our tour of Southeastern Anatolia. I could not come to this region without stopping in Gaziantep. Certainly we would come to this city of the great generals [gazi] who protected their city with their blood for a period of 9 months during our War for Independence and where the enemy was not allowed to set foot. We were supposed to go back tonight, but I have changed the itinerary in order to spend the night here."

You Are Turkish Nation

Head of State Gen Kenan Evren was met by a great demonstration of affection in Gaziantep and in response to his listeners' shouting "Great pasha, great pasha," said, "It is not we who are great, but you; you are the Turkish nation." He continued as follows:

"My dear citizens,

"This is an appreciative nation. This nation has always appreciated those who work for it, who serve it, and has looked up to them. Believe that we will work even harder, day and night, to deserve your confidence in us. We will bring prosperity to this nation. We thank you for the great welcome you have given us here, we present our heart-felt respect to you and our best wishes to all of you as this day draws to a close. Thank you; God bless you."

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## MUMCU EXAMINES HOPES FOR CONSTITUENT ASSEMBLY

Istanbul CUMHURIYET in Turkish 17 Jan 81 pp 1,5

[Article by Ugur Mumcu: "Constituent Assembly"]

[Text] The distinguished Head of State General Evren, while announcing that the Constituent Assembly would be formed between 30 August and 29 October this year, said, "We said on the day we first came that we would leave after we had taken care of the disorders. This promise is, first of all, the word of a soldier, the word of honor."

The Turkish Armed Forces have seized power three times to date; each time they have returned administration to the civilians and gone back to the barracks. We have had no lasting military dictatorship in our recent history. In Mr Evren's recent speech in Konya, this healthy tradition of our Armed Forces was stressed by the most authoritative voice. From this standpoint, we joyfully welcome the announcement about the constituent assembly.

It is understood also from Mr Evren's announcement that the National Security Council will serve alongside the future constituent assembly as a "senate" having the final word in legislative efforts.

What sort of assembly it will be and how the members will be chosen are equally as important as the date on which the constituent assembly will be formed. Whether the assembly to be formed is open to all sectors of society will largely affect the democratic structure of the constitution it will write. Doubtless, the constitutional debates will begin with the Constituent Assembly, and it is these debates which will give strength and respect to the constitutional text to be drawn up.

We believe that the constitution which the 27 May Revolution gave to society is a constitution commendable for its democratic features. Because of practices contrary to the purpose, spirit and letter of the constitution in the [past] 21 years, this constitution became altered and clearly was alienated from its own philosophy.

Like all constitutional texts and legal exposition, the constitution has shortcomings or debatable aspects. It is necessary to identify these through democratic debate, allowing broad tolerance, and to rectify these shortcomings and irregularities still within a climate of freedom.

Since we first set out on the multiparty experience, the Armed Forces have taken over once every 10 years, on 27 May 1960, on 12 March 1971 and 12 September 1980, and in the meantime, great disturbances have been experienced, ultimately bringing our society to the climate of terror on 11 September. After experiencing all that, no one in his right mind would want to return to 11 September.

If we do not wish to return to 11 September, we must ensure the debate without prejudice of all problems, in the light of past experience.

Opening the constituent assembly to all sectors of society will, without doubt, add strength to the 12 September administration.

In times like these, silence would be an unseen enemy and liberty an unbidden friend. The friendship of outspokenness and the enmity of silence, indeed, will be far better understood in the future when these days are over.

Yes, this is how it is: It is more important to debate the constitution than to write the constitution.

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OYMEN DISCUSSES TORTURE ISSUE

Istanbul MILLIYET in Turkish 10 Jan 81 p 7

[Article by Orsan Oymen in the column "Political Cauldron"]

[Text] Torture cannot be compatible with humanity. But unfortunately it is as ancient as the history of humanity. It was the hallmark of the Middle Ages. In our time, it is frequently branded "outmoded." However, it is a distinct fact that the mode has not been ousted.

According to a report published by the United Nations early in 1980, torture is being practiced today in some 60 nations around the world.

Turkey is not among these 60 nations, is it?

It is.

Moreover, efforts are under way at the moment to put this old topic on the agenda again in various international organizations and the news media:

"Incidents of torture in Turkey."

Certain foreign news correspondents felt constrained to ask Prime Minister Mr Ulusu questions on this issue at his last press conference.

He gave his views as follows:

"Our laws strictly forbid the use of behavior unbefitting human dignity against prisoners, whatever their crime, and the use of torture against them. Our government is attentive and sensitive to this matter and is determined that these regulations envisaged in our laws shall be applied meticulously.

"Claims of torture conveyed to the competent officials are regarded as the report of a crime and are turned over immediately to the justice authorities, and are investigated in a serious way.

"If any one of these claims should prove true as the result of the investigations, the necessary legal procedures would be instituted immediately against those who resorted to methods of this sort which are illegal and not consistent with the concept of humanity, and of course the penalties would be applied."

We gave two concrete examples stressing the sensitivity of the 12 September administration to the "torture" issue in our column on 25 October entitled "The Police and Torture."

The Ankara Martial Law Military Prosecutor's Office arrested a First Branch superintendent of police for using methods of torture during the questioning of two suspects, and suit was filed against him under articles 243 and 452 of the Turkish Penal Code.

Articles 243 and 452 of the Turkish Penal Code are the articles under which state employees "are punishable by up to 15 years' imprisonment for the use of torture in order to cause the accused to incriminate themselves."

All were shelved, however, and were taken down for the first time by a military prosecutor after 12 September.

Investigation was opened by the military prosecutor's office into the death of publisher Ilhan Erdost while being transported to prison. One junior officer and the four enlisted men on duty were arrested.

The issue of torture of suspects in Turkey is not new.

What is new is that the competent organs launch an investigation instead of covering up the incidents and saying, "There is no such thing."

This fact has not been given the world notice it deserves.

Was such an investigation launched in previous incidents?

For example, was there a crackdown on the "official torture" conducted in a systematic and organized manner at the time of 12 March? Was the slightest procedure instituted against the torturers, whose identities were proclaimed before the world?

No.

Has there not been police torture in Turkey before when civilian governments were in power?

There has.

Moreover, have these incidents not been concealed?

For instance, look at the following entries from the records of the German parliament at the time Demirel was prime minister:

"Today the Turkish police, which comprise the security forces of the state, are flagrantly violating human rights. Study of the report by Amnesty International revealed that torture is used in police stations in mass arrests and investigations to make suspects talk. The torture used includes such as electric shocks, bastinado and beating with sandbags."

During the budget discussions on 19 June 1980 of German aid to Turkey, Finance Minister Matthofer, who defended the "necessity of aid" in those debates, had to admit this fact and said:

"I do not wish to accuse Demirel, but I would like to make one fact clear. I regret to say that the attitudes of the security forces responsible for dealing with terrorism, according to reports coming to me, require that this problem be discussed reciprocally with the authorities of the Turkish government."

In fact, Foreign Minister Hayrettin Erkmen was also presented a report on behalf of the European Parliament while he was attending discussions of the Common Market aid package in Brussels. This report contained detailed incidents of torture in Turkey.

So there was torture during the Demirel administration, but not during Ecevit's, right?

Files were presented to government authorities during that administration consisting of two volumes filled with torture claims, especially in connection with suspected right-wing terrorists.

But there was no crackdown on torture in either administration.

And because there was not, this outmoded tradition has extended into the post-12 September police stations along with outmoded police methods.

In our 25 October comumn on "Police and Torture," we said:

"Let no one now doubt that at a time when world public opinion has turned all its magnifying glasses on Turkey asking such questions as, "Will the principles of human rights be harmed? Will cries of torture again rise from Turkey?" a lot of police officers who have very little intention of giving up old habits will try to sabotage the good will of the army, because the old guard still holds some of the street corners of the civilian security forces."

Proofs confirming these suspicions of ours are being communicated, or are trying to be communicated, to Mr Evren, the commander in chief of the 12 September operation.

We believe that the 12 September participants are aware of and are behaving sensibly toward the external, as well as internal, traps being set to "divert the operation from its course."

The best "answer" that could be given to the international "campaigns" being readied for Turkey with regard to torture is to announce that concrete incidents are handled firmly.

One must not underate the effect which the circulars on police discipline and appearance as well as the notices "warning police against torture" would have on world public opinion.

The only way to calm the torture storm will be "to oppose torture and to let it be known."

To inform all the world that it is really opposed and to prove it.

Prime Minister Ulusu described torture as "an illegal method inconsistent with the concept of humanity" and this is an important step ahead.

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CSO: 4907

GOVERNMENT TO HAVE STRONG HAND IN UNIVERSITIES

Istanbul TERCUMAN in Turkish 12 Jan 81 pp 1,9

[Text] ANKARA BUREAU -- The "Higher Education Bill" prepared by the National Education Ministry authorizes the government to "take over the administration of universities, faculties and associated organizations and other institutions of higher learning" when deemed necessary, it was learned.

At educational institutions taken over by the government, the jobs of administrators and other related persons would be ended temporarily.

The "Security Measures" section of the bill names those who have the duty and responsibility for the security of institutions of higher learning. The article authorizing security forces to "enter universities unbidden and without permission" reads as follows:

"The administrators and administrative organs of institutions of higher learning are responsible for ensuring the security of educational institutions and associated units, for protecting the freedom of education and for taking all security measures to enable all functions to be carried out in an orderly way.

"Administrators and organs may request the assistance of security forces when confronted by the possibility of the occurrence of incidents within the institution buildings and annexes which are deemed impossible to prevent with the institution's resources.

"Security forces may always enter the buildings and annexes of institutions of higher learning unbidden and without permission for the purpose of pursuing crimes or criminals. In this case, the highest authority of that institution will be informed of entry.

"The institutions concerned are responsible for providing all necessary assistance to the security forces in their pursuit."

Administrators May Decide to Close up to 3 Months

The bill also authorizes administrators of institutions of higher learning to close the school or suspend classes. This article says:

"In the event that the performance of public services at institutions of higher learning becomes difficult or impossible, the authoritative administrator of the educational institution, in order to preserve internal order, may suspend partially or completely the classes and endeavors of that institution or associated organizations for a period of up to 3 months at most, as well as close for up to a week by decision of the most authoritative board of the institution.

"The authoritative board may lift, as well as extend an additional week, depending on the circumstances, a decision to close or suspend. At the end of this time, if the situation does not improve, the authoritative boards may extend the closing one month at a time, up to 3 months. The decision to close will be reported immediately to the highest administrative superior and superior body."

Government Given Right of "Takeover"

The article of the bill granting the government "power of takeover" says:

"In the event that, confronted by grave and persistent incidents at institutions of higher learning and associated organizations, education and instruction should be endangered and this danger cannot be eradicated by the organizations of the institution of higher learning or the measures taken by the organs of the institution do not produce the required result, the Council of Ministers may take over for a period of 2 months at most the administration of universities, faculties or associated organizations and other institutions of higher learning.

"The takeover decision will be conveyed immediately to the Turkish Grand National Assembly.

"The takeover decision may be extended in compliance with the above regulations, not to exceed 2 months each time."

The bill lists as follows the powers granted to the Council of Ministers in the takeover situation:

"In the event of takeover, to request from the authorities the temporary suspension of the jobs of those employed in an institution of higher learning or associated organs and of the administrator or administrative employees and other concerned persons who are seen to be involved in the decisions leading to the takeover decision, and the immediate selection by the administrators of a substitute each from among the teaching members of the same institution to replace them.

"To request from the authorities of that institution the identification of those causing the situation to arise which required the takeover and the conduct of the necessary disciplinary procedures concerning them.

"To open or close, partially or completely, the educational institution during the takeover.

"To request the temporary barring from classes of students seen to be connected with the situation requiring takeover. Following lifting of the state of takeover, to pursue procedures started to their conclusion."

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## FISCAL CONDITIONS OF UNIONS DISCUSSED

Istanbul CUMHURIYET in Turkish 22 Jan 81 p 7

[Article by Sukran Ketenci]

[Text] Head of State General Evren's speech and reports on changes to be made in the unions law have once more brought the topic of union assets and oversight to public attention. Union assets and oversight is an extremely sensitive subject of recurring interest with a variety of opinions being offered, but nothing very concrete has come out of the debate so far. There is a natural conflict between the concept of the union as the guardian of worker rights, existing on membership fees, and luxury and affluence. Turkish unionism has taken wrong turns in general as if to flaunt this natural dichotomy, creating what the workers have dubbed "labor lords" in "crystal palaces."

This motif has been so overworked in the fierce competition for members and the ruthless labor-management war that the real issue has been lost in all the dust kicked up. The approaches opposing the prodigal use of the workers' money and its waste through improprieties, though well intended, have taken aim at the wrong targets.

In order to clarify the problem better, it is probably necessary to start with the concept of the union. The union is not an institution of socialist or communist systems, but on the contrary, of capitalist and democratic nations. They came into existence as a means of ensuring that the order, the regime, might be run soundly, that social balance might be achieved and that disturbances in the working class might be prevented. Union rights and freedoms were granted for this purpose and were given a status identical with the concepts and rights of democracies. The size and economic strength of the union, that is, its ability to bargain with management, would be a measure of its leverage in achieving a healthy social balance. This is why socialists and communists, too, are opposed to large, economically strong unions equipped with the union rights and freedoms. These organizations, honing away at class conflict, are their own worst enemies as to achieving success in their political conflicts. And this is why the type of union which our employers have been wanting and citing as an example for years is the type of union in the West, especially in Germany and the United States for instance, which is very big and tremendously strong economically. It is not just the large assets of the unions that it is desired be mirrored in Turkey, not just the luxury recreation spots and convention sites, but the big, big operations, even factories, which they have as well. I remember a press conference in Istanbul which was interrupted because a top administrator of IGM, the German metalworkers' union, was called to

the telephone. When he returned, he apologized and announced that the workers at one of their operations had gone on strike. He smiled, saying, "We strike against management and the workers strike against us. An unreported strike just began and that is why I had to go to the telephone."

In short, one of the conditions for being able to be like the Western democracies is to have unions which are big and, at the same time, economically strong. Then the problem is not the growth or economic strength of the unions, but how they grow and how they use their economic strength.

The unions in Turkey have not become an element of social balance because they are not big enough to be an element of economic balance against management and are not strong economically. Luxury consumption and budgets in high figures are false, misleading manifestations of artificial developments. Then the sophistication and the irregularities and improprieties of the newly rich lords no doubt have also contributed a great deal. The solution will come about by means of real union oversight, but the essential and valid one will come when labor oversight becomes functional.

Now let us try to clarify the artificial development a little also. Maden-Is [Turkish Mine, Metal, Metal Works and Machine Industry Workers Union], a DISK [Confederation of Revolutionary Worker Unions] union, was until 5 or 6 years ago one of the best examples of union composition and development in the Western sense, a fact recognized by everyone in Turkey concerned with unions, including employers. However, when the opposite employers organized the Metal Products Industrialists Union and declared, "Our principles will also be in the contracts, we will have group contracts," Maden-Is was forced to go out on a massive and long-lasting strike, and everything changed. Even the much-criticized payments to workers of 1,000 to 1,500 liras per month or 1.5 months were enough to bankrupt the budget of this union, which had conducted a great many strikes before. By going into debt to a number of other unions to supplement its funds, this union barely managed to make those low payments. One thousand liras per month means 30 million liras per month in a strike involving 30,000 workers.

If one examines the accounts of the Federation of Turkish Metal Worker Unions, a union in the same branch of labor which has not conducted any serious strikes for a long time, it will be seen that its economic status is far brighter than that of Maden-Is. It is necessary to remember also that the Federation of Turkish Textile, Weaving and Wearing Apparel Workers Union, one of the strongest and wealthiest TURK-IS [Turkish Confederation of Labor] unions, got to the point of offering its assets for sale during the massive Sumer Bank strikes if an agreement had not been reached quickly to conclude the strikes. TURK-IS' Turkish Tobacco, Intoxicants, Food and Ancillary Workers Union, for example, is one of Turkey's wealthiest unions today because it has a large membership but has called very few strikes. DISK Municipal Service Workers Union is one of the wealthiest unions in Turkey with mature economic strength because it has organizations in a large number of municipalities and even if it goes on strike, the majority of its members do not have to strike at once. Actually, the big unions in Turkey are impoverished immediately when the majority of their workers have to go on strike, and those able to grow without conducting strikes -- for the most part, the mature unions with agreements with the governments and political administrations -- become wealthy.

If the property owned by unions and oversight of the unions, that is, the squandering and usurpation of labor's money, is to be placed on the agenda, this must be done for all unions in Turkey. The approach must be not to ask an account of the assets but how the assets were obtained, how the worker's money is used, whether it goes into someone's pockets, in other words, whether there are improprieties and irregularities. The legal measures must be in the sense of preventing improprieties and the appearance of labor lords and their crystal palaces.

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## REDUCED WAGES FOR EARLY RETIREES

Istanbul MILLIYET in Turkish 24 Dec 80 p 6

[Analysis of proposed changes in the social security law]

[Text] Ankara, 24 December--MILLIYET--Draft legislation, amending and adding on certain articles to the Social Security Organization Law number 506, has been discussed and accepted by the Council of Ministers, aiming at encouraging workers who have fulfilled the terms for retirement to go on working.

In the new draft law, the conditions for benefiting from monthly old-age pension payments remain the same, that is those who have been insured for at least 25 years and during this time have paid premiums for at least 5000 working days, in the case of women workers those who have been insured for at least 20 years and have paid premiums for at least 5000 working days will, as heretofore, be eligible for a retirement pension. However the old draft legislation based monthly pensions on 70 per cent of wages, while the new legislation sets this at 60 per cent. On the other hand, for every year past the age of 50 for women and 55 for men, and for every 240 days of premiums paid in excess of the required 5000, 1 percent is to be added to the minimum 60 per cent, which thus makes possible an increase up to 85 per cent from the 60 per cent base.

Officials state that "this offers an incentive for workers to render longer service, to continue working until they reach the age of 60." While until now the monthly retirement pension was calculated on the basis of the mean wage for the highest three years out of the last five calendar years in which premiums were paid, under the new method the basis will be the average of the last five calendar years during which premiums were paid. This method may cause a drop in the worker's monthly retirement pension.

According to the proposal, a new system will be introduced for fixing the index for monthly pensions and incomes paid out by the Social Security Organization the differences between new and old monthly retirement pensions being eliminated.

On the other hand, the indexing table used in calculating workers' retirement pensions is to be changed, by raising the lowest index number from 330 to 420 and increasing the highest index number from 750 to 840. Provided the indexing coefficient remains at 25, monthly retirement pension payments to workers will increase by an average of 2500 Turkish lira.

Fuel assistance paid to worker retirees which is in the amount of 1750 lira at present, will be increased to 2500 lira as of 1 March 1981 under the designation "social assistance increase."

On the average this will assure a nearly 40 per cent increase in monthly pensions and incomes paid out by the Social Security Organization.

What Will This Bring for Those Still Working?

The proposed legislation foresees an increase in the rates of the premiums paid by workers as well as in the rates of premiums paid by employers. As a result, the monthly net wages of workers still working will be reduced.

In conjunction with the new indexing table, the daily base pay for premiums is to be increased from a minimum of 180 Turkish liras to a new minimum of 350 Turkish liras, while the maximum daily base pay for premiums will be raised from 625 to 700 Turkish liras.

This means that the social security premium for those working at the minimum wage, which was paid on 5400 liras a month under the current law, will be paid on 10500 liras under the proposed new legislation. Officials say that "if the minimum wage level were not raised to 10500 liras, the literal application of this section of the new law would mean that minimum wage earners would be forced to pay premiums on wages they do not earn." The monthly maximum pay on which social security premiums are assessed, which is at 18500 lira at present, is raised to 18 thousand lira under the new proposal. The raising of both the rates at which premiums are assessed, and of the base pay on which social security premiums are paid will mean that social security deductions from monthly wages will increase from two sides.

The rates for late payment penalties on unpaid premiums assessed by the Social Security Organization will be increased in a manner conforming to current conditions.

The proposal foresees that those insured and those receiving incomes and monthly pensions from the Social Security Organization will have to assume 20 per cent of the costs of medication used in ambulatory treatments.

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ERDEM EXAMINES BUDGET, DEBT, PRICES

Istanbul MILLIYET in Turkish 10 Jan 81 p 7

[Text] Ankara, Special -- Head of State Gen Kenan Evren is chairing the meeting of the NSC [National Security Council] Budget-Planning Commission which has begun discussions of the 1981 fiscal year budget.

Evren opened the meeting, attended by NSC members, the prime minister and cabinet, and gave the floor to Finance Minister Kaya Erdem for presentation of the draft.

Erdem's Speech

The finance Minister said in his statement that the government's goals were to control inflation and recreate the lost middle class. Devoting a large portion of his statement to an evaluation of the economic situation, Erdem also spoke of the new tax laws, saying, "If our citizens who have to date concealed their tax-related activities without registering at their tax offices do not perform these duties by the end of March, they will be subject to imprisonment of up to 1 year, as well as other tax penalties."

Erdem pointed out that in order that a concrete step might be taken toward success in 1981, the government had adopted a responsible, consistent and effective approach in the areas of public revenues, public spending, support purchase policy, balance of payments policy and money-credit policy. "The basic feature of the 1981 budget is that it is an inflation-fighting budget based on sound resources which abjures deficit financing. This budget will be, at the same time, a budget directed toward managing development in harmony with economic stability," he said.

Erdem expressed the following views:

"Looking at the production status of the economy, it is seen that production goals envisaged in recent years have not been reached and there has been a decline in the production of basic goods. In contrast, basic goods were able to increase by approximately 40 percent in the economy of the first half of 1980 as compared to the same period of 1979.

"According to the latest estimates, it is possible to show as examples in which increases are expected in agriculture, wheat, barley, sugar beets, figs, grapes and cotton; in industry, fertilizer, fluid steel, cement, electricity; in mining, lignite and iron ore.

"The money-credit, price, foreign exchange rate, interest and budget policies applied in 1980 achieved the primary goal of getting inflation under control and slowing the rate. In this framework, there was a significant slowing of price increases as of March 1980.

"Of the total cumulative increase of 88.8 percent occurring in the first 11 months of this year, 41.2 percent occurred in the first 2 months. The major portion of the 29.3 percent price increase seen in February 1980 reflects the existing, but not condoned, black market and two-tier prices in previous months. It seems that the cumulative price increase for the 12 months from March 1980 through February 1981 will remain at around 45 percent. It is seen that, barring unexpected changes in the world conjuncture, it will be possible for price increases to fall below the 50 percent level in 1981.

"The most important basic goal of our policy is to restore the middle class which has been lost to inflation and to prevent occurrence of a climate in which social peace would be endangered in our nation.

Foreign Balance

"The most telling feature and, therefore, the weakest point of the balance of foreign payments in our country is that our exports do not even equal half our imports.

"The current procedures balance came out at a deficit of $1.434 billion for the first 11 months of last year.

"I would like to stress that significant development has been seen in our exports as of September. Exports in October and November registered increases of 32 percent and 53 percent respectively as compared to the same months last year.

Debt Postponement

"As for foreign debt postponement, debt postponements accomplished by Turkey from 1978 to 1980 succeeded in shifting a debt load of approximately $8.8 billion to future years. If it were not for this debt postponement operation, the total in foreign debt principal and interest payments which would have come due between 1978 and 1983 would have reached the impossible level of $17.3 billion.

1980 Results

"It is estimated that the 1980 fiscal year consolidated budget will show expenditures of 1.5 trillion liras, revenues of 910 billion liras and a 140 billion-lira deficit at the end of the period.

"Changes in our tax policy form the basis of improvements which we have under consideration and in practice for all wage earners in 1981. Civil servants will get around a 50 percent increase in net take-home pay as the result of fuel assistance of between 1,000 and 1,500 liras in addition to tax revisions.

"Moreover, maternity benefits are raised from 1,000 liras to 2,000 liras in the draft 1981 budget. Travel expenses are raised on average 100 percent in an attempt to end complaints in this regard.

"The program includes a 60 billion-lira operating deficit for the State Economic Enterprises [SEE] as they will make investments totaling 317.3 billion liras and will require 377.3 billion liras in resources.

"Central Bank funds definitely will not be used to finance the SEE operational deficits.

"Those not among the establishments which produce basic goods and services or have their product prices set by the government in accordance with specail laws will not have operating deficits, but on the contrary will create resources in excess of 35 billion liras."

Commission Chairman Admiral Husnu Kucukahmet, retired, spoke after the finance minister.

Kucukahmet said, "I think this is the first time in many years that a real budget will be discussed in the budget discussions," and pointed out that the years of deficit financing trends in the budgets were the most important cause of the high inflation rates being experienced today. He continued as follows:

"All who are remotely or closely concerned with the budget will have to think about every penny they place in the budget and they will have to think at least twice about every penny they spend. Despite all the measures to conserve, the 1981 budget is twice that of 1980. We are bound to be strict in avoiding proposals to raise the budget ceiling during the year and to have additional appropriations requests met by shifting funds within their own budgets."

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ECONOMIC CLOUT SEEN AS UNION NECESSITY

Istanbul CUMHURIYET in Turkish 3 Feb 81 p 6

[Editorial by Sukran Ketenci]

[Text] News reports over the last week have been discussing the changes in the Unions Law. According to one of these reports, the law was to forbid unions from acquiring real estate.

Newspaper reports claiming to quote the draft-bill are in fact not citing the final bill agreed to by the majority but only rough drafts prepared by one body or another that reflect definite bents. Quite a few of these later drafts still do not appear in the actual bill. But even if a draft reflects only a tendency, that tendency must be thought out and discussed.

We do not think that anyone would debate the fact that union funds realized from workers salaries should be used to genuinely benefit the worker. We would not deny that certain of our professional unionists exercise their authority for the worse. But we cannot arrive at conclusions that will make the existence of unions meaningless and destroy their functions for the sake of preventing professional, malicious unionists squandering workers' money.

Have you pondered the question, "What relation can there be between the existence and functions of unions and their right to acquire real estate?" Let us try to explain in a few sentences, although understanding that what follows may be hard for those unfamiliar with the union concept.

The union is a type of organization developed for the purpose of consolidating the power of workers who are powerless against individual employers. It is not intended to bring workers together merely for head counts and strikes. It is for the consolidation of their economic power. Besides, had they not consolidated within the union their economic power, it would have amounted to nothing more than a power for organizing strikes. How long do you think workers can back a strike without eating?

In short, the unions' power to bargain through free collective bargaining and its ability through strikes to force employers to recognize rights are capabilities connected with economic power. The Turkish union movement has not been able to provide a sound social balance and peace because it still lacks sufficient economic clout. Strikes have been necessitated for the most justified demands because it

was judged that union economic clout was lacking. Later, by taking advantage of the rift that appears between union and workers who are left in very difficult economic straits, the propaganda reads,"The unionists are irresponsible. They intentionally go on strike. They are ruining the economy." It is not easy for an employer sitting across the table from a workers' union with economic reserves sufficient for a long-term strike to readily push aside union demands, thereby forcing that union to strike. And so it is that when it comes to balanced forces sharing trumps at the bargaining table in Western countries having unions with economic clout, a system has evolved marked by few strikes and much accomodation.

Let us now turn to the logic of the bill. To say that a union will not own real estate means that a union is going to pay rent. This is not just for administrative buildings used by the union. Because unions exist and are powerful, they must organize and educate their members, take care of their daily problems, establish cooperatives for them, open nurseries for their children, and set up training courses. All of these are simultaneous duties and responsibilities.

have not all our scholars, employers, and politicians up to now accused our unionists of "not being concerned with anything but union employment. They aren't educating the worker. They aren't concerned with the worker's social life or his making use of free time. They aren't setting up cooperatives to facilitate the worker's life. These are the legal duties and responsibilities of unionists...?"

The unionist does not devour the worker's wages. Would it be a crime to make timely and good use of the money by purchasing property and buildings beneficial to union and worker rather than allocating that money for high rents that become more unbearable every day? And would it not be a crime for others to get rich as every day a larger portion of union funds go for rent?

If we do reach this conclusion acting from a rationale that does not stop the squandering of workers' wages and shut down union bosses, we will have then truly squandered workers' money. We must also never forget: A basic guarantee of Western democracy and social peace and a part of its character is the Croesus-like wealth of strong, free unions. They have not just administrative buildings but education centers, recreation halls, vacation villages, sports centers, technical training schools, and even factories and banks within which to invest or place revenues. They follow the free bargaining system by sitting opposite the employer at the collective bargaining table holding these economic cards. Cutting off unions from their economic sources of power is in the final analysis tantamount to abolishing the free bargaining system and the right to strike.

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ELECTRICITY NEEDS TO DICTATE WORK SCHEDULE

Istanbul CUMHURIYET in Turkish 20 Jan 81 pp 1,7

[Text] Ankara -- Industry and Technology Minister Sahap Kocatopcu reported that electricity cut-offs were having a tremendous effect on the metallurgy industry and the glass industry and announced that the electricity load would be transmitted 7 days a week instead of 5.

Kocatopcu also reported on his contacts in the Soviet Union. He listed as follows the effects on Turkish industry of the interrupted electric service practiced in Turkey:

"The effect of the electricity interruptions is particularly great on the smelting industry, in metallurgy which requires continuous electricity and in the glass industry. A 15-minute interruption sometimes causes the loss of 5 to 6 hours of production.

"In addition, in our discussions with industrialists, they proposed that industry should operate in a more balanced fashion by spreading energy use which is lighter on Saturday and Sunday over the entire week by shifting weekends to other days if necessary in every region in order to spread the factory load, especially of those working only one shift, over the entire week, thus reducing interruptions.

"This is a very positive proposal. We will discuss this with the energy minister. Regional weekends will soon be changed in certain industrial regions, shifting the entire electricity load to 7 days instead of 5, and in this way, there will be an improvement in production."

2-Hour Interruption

Meanwhile, the night interruption outside Ankara has been lengthened by 2 hours since day before yesterday, as the result of a storm which knocked down 15 of the utility poles bearing transmission lines from Keban to Ankara.

This means a 5-hour interruption. The interruption reportedly will be applied in rotation every evening.

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ECONOMIC, OIL AGREEMENTS CONCLUDED WITH IRAQ

Economic Talks

Istanbul TERCUMAN in Turkish 27 Dec 80 p 5

[Article: "Annual capacity of Kerkuk-Yumurtalik pipeline to be increased to 50 million tons. Turkey will participate in future bids on iron, steel, sugar, cement, glass, and textile factories in Iraq."]

[Text] Ankara (Akajans)--The Turkish-Iraqi Joint Economic Commission's first round of talks, which began on Monday, 22 December, were completed yesterday and the test of the agreement containing the decisions reached in the Commission was signed by Deputy Prime Minister Turgut Ozal and Iraqi Minister of Industry and Minerals Tahir Tawfiq at 1:30 in the afternoon.

In the announcement made by the Foreign Ministry's General Directorate of Information concerning the Turkish-Iraqi discussions, the following points were covered in brief:

"The Turkish and Iraqi delegations agreed on the immediate completion and activation of a microwave system between the two countries. The Iraqis were favorable to the Turks' request that Turkish contractors be granted more employment opportunity by Iraq. The Turkish side declared its interest in participating in the bidding in Iraq on iron, steel, sugar, cement, glass, textile, and other factories. The Iraqis looked approvingly on this approach. Agreement was reached on preventing pollution of regional waters and setting up a joint technical committee to look into matters relating to regional waters. A report containing the conclusion of the committee investigation will be submitted within two years to the governments of the two countries involved."

The Oil Question

The oil question, which was dealt with in the talks between the Turkish-Iraqi delegations, was also covered in the agreement and was stated as follows:

"The sides also had an exchange of views on various topics relating to oil and they reached agreement on the furtherance of cooperation in the following areas: They agreed that the terminal in Ceyhan should be linked to the Yumurtalik-Kirikkale pipeline, which is to be built for trasiting oil to the Middle East

Anatolia refinery. Furthermore, the sides discussed and resolved certain technical problems which arose in the operation of the Kerkuk-Yumurtalik pipeline. Beyond this, the sides agreed to increase the capacity of the existing pipeline from 35 million tons per year to 45-50 million tons per year and to cooperate in the construction of a refinery and a petroleum chemical plant in Yumurtalik which would produce exportable material, in the creation of a pipeline for natural and waste gas, and in the utilization of heavy crude oil in Northern Iraq for electrical production and other purposes."

## Oil Agreement

Istanbul CUMHURIYET in Turkish 25 Dec 80 pp 1, 7

[Text] Ankara--The Iraqi Minister of Industry and Minerals Tahir Tawfiq, who has come to Turkey three times in the last two months, said, "We are committed to meeting Turkey's total requirement for oil. If Turkey forgets to ask, we will remember."

In responding to questions relating to the Turkish-Iraqi negotiations, the Iraqi Minister of Industry and Minerals stated that they want technical assistance from Turkey for the repair of Iraqi industrial plants which were damaged in the Iran-Iraq war.

In reply to the question, "Are there points on which there was agreement in the talks?", the Housing Minister answered, "Our discussions were conducted with mutual understanding, friendship, and the desire for cooperation. One thing I would like to say is that we do not have a single disagreement. We are agreed on every point."

TAWFIQ was then asked, "Will you or will you not be providing oil to Turkey?" and he answered:

"We have a commitment to satisfy Turkey's entire oil requirement and as soon as our situation which has deteriorated on account of the war is rectified, we will give those things we have not given. Furthermore, if Turkey forgets to ask, we will remember."

### Between Friendly Nations

When asked, "What do you want from Turkey in return for the oil that you will be providing free?", the Minister gave this response:

"Our relations are supported on a foundation of friendship. I am coming to Turkey for the third time. But we have not asked that any Turkish official come to Iraq in reciprocation. We are cooperating routinely. Moreover, we respect Turkey's neutral stance with respect to the Iran-Iraq war. If we were not to give oil to Turkey, would Turkey's dealings with us be over? We are, above all, neighbors. I am giving you this and you don't ever have to say give it to me. Is that the way it is between friendly nations, to give something and to ask for something in return?"

When the Iraqi Minister of Industry and Minerals was asked, "Haven't Turkey and Iraq been friendly and neighborly countries up 'til now?", he said:

"There is cooperation on a technical level within the relations as friends and neighbors. For instance, we are also asking that Turkish firms do business with Iraq. Also under discussion are technical manpower and technical assistance. We want technical help for repairing certain installations damaged in the war. Included in our requests is that Turkish firms work in Iraq toward the repair of these installations."

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MORE OIL ASKED FROM LIBYA

Istanbul CUMHURIYET in Turkish 10 Dec 80 p 5

[Text] Ankara (CUMHURIYET BUREAU - ANATOLIAN AGENCY) -- The Turkish-Libyan Joint Economic Commission begins its sixth meeting today in Ankara and will last 5 days.

At the meetings, headed by Deputy Prime Minister Turgut Ozal and Libyan Secretary of Economy Ahd Zayd Umar Durda, subcommittees will discuss trade, oil, industry and joint enterprises, joint companies, service supply and the activities of Turkish contractors in Libya, labor, social matters and technical cooperation.

A protocol will be signed at the conclusion of the talks on common views formed and decisions taken during the talks.

Parallel to the joint economic commission meetings, a Libyan purchasing delegation is also coming to our country. This delegation is composed of representatives concerned with livestock and meat, grain and foodstuffs, textiles, electric appliances and construction materials.

Ozal's Statement

Deputy Prime Minister Turgut Ozal, interviewed by the Ankara biweekly YESIL YURUYUS, said that detailed talks on oil would be held with the Libyan delegation. "We are supposed to buy 4 million tons of oil per year from Libya. But this purchase was later reduced to 3.5 billion tons, then 2.5 million tons. At the moment, it is around 2 million tons. Our desire is that the figure not be lowered, but raised." Ozal also pointed out that there would be discussion of purchasing even more oil from Libya.

Meanwhile, the Turkish delegation in Moscow continues its contacts in connection with the 1981 protocol to be signed between Turkey and the Soviet Union.

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ERBAKAN, ADAK ACQUITTED ON HEROIN CHARGES

Istanbul MILLI GAZETE in Turkish 21 Jan 81 pp 1,7

[Text] ANKARA BUREAU -- NSP [National Salvation Party] General Chairman Professor Dr Necmettin Erbakan and former NSP Mardin National Deputy Fehim Adak were acquitted in the first hearing of the heroin suit filed against them by reason of false accusation.

As known, a former NSP deputy, Halit Kahraman, was arrested for smuggling heroin in Germany in 1978 and, in his first statement, had said that NSP General Chairman Professor Dr Necmettin Erbakan and former NSP Mardin National Deputy Fehim Adak had assisted him in this crime. Part of the pro-Zionist press in Turkey seized the opportunity presented by this statement to launch a campaign against the NSP. When the problem came to the fore again in August 1980, Halit Kahraman, serving out his sentence in Germany, told a reporter in an interview that his statement had been misunderstood. Halit Kahraman later wrote letters to former National Assembly Speaker Cahit Karakas and former NSP Erzurum Senator Lutfi Dogan saying that he had falsely accused Erbakan and Adak and that he greatly regretted this. However, the pro-Zionist press pushed on with its campaign, the top editors of Babiali ["Publishers' Row"] (!) poured out columns, articles and comments on the incident.

When the Army took over the administration on 12 September 1980, suit was filed against Erbakan and Adak on the strength of the above claim, because their immunity like that of all other parliamentarians, was lifted. It was announced that the case, opened following the assembly of all evidence, would be heard on 20 January 1981 at the Ankara First High Criminal Court. The pro-Zionist press could not have been happier on hearing this announcement and informed the public in large headlines that Erbakan and Adak would be tried on a capital offense.

Trial of NSP General Chairman Necmettin Erbakan and former NSP National Deputy Fehim Adak began without arrest in the Ankara First High Criminal Court yesterday.

The court consisted of Fahri Yucel, president; Vehbi Mutlu and Vahyettin Tuzun, members; Assistant Republic Prosecutor Muharrem Dikmen presenting the claim.

Attorneys for the defense were former Justice Minister Ismail Muftuoglu and Ismail Alptekin and Ali Riza Ener.

Assistant Republic Prosecutor Muharrem Dikmen, reading the indictment following confirmation of the identities of the defendents, stated that "sufficient evidence exists of Erbakan's and Adak's association in the illicit manufacture and exportation of heroin" and requested "that they be sentenced to death in accordance with paragraphs 403/1-2-3-7 of the Turkish Penal Code."

During examination, Necmettin Erbakan said: "A clear and distinct situation appears both in the reading of the indictment and from the contents of the dossier. Former NSP Diyarbakir National Deputy Halit Kahraman, who was arrested in possession of heroin and is in prison in Germany, was an NSP deputy for one term between 1973 and 1977. In 1977, the candidates for national deputy in Diyarbakir were determined by means of the central primary, and the party's general administrative board deemed it appropriate to place Halit Kahraman in third place on the Diyarbakir list rather than first, as he had been in 1973. Believing me to be responsible for the change in his position on the primary list because I was party chairman, he made the statement contrary to the truth that Fehim Adak, who was Diyarbakir party inspector at that time, and I had cooperated in this crime. When Kahraman was arrested in Germany, he made imputations because of this resentment against us, but in a letter to the Assembly speaker, he said later that we had nothing to do with this crime. I request an acquittal because I have no connection with this crime."

Fehim Adak also said during examination: "I was NSP Diyarbakir inspector at the time of the incident. I did not manufacture heroin and give it to former NSP National Deputy Halit Kahraman, who has made imputations against me. He engaged in personal allegations and false accusations because he was in third, rather than first, place on the list in the 1977 elections. I do not accept the alleged crime. I request acquittal."

Then reading his opinion, Republic Prosecutor Muharrem Dikmen pointed out that subsequent to his original claims, Halit Kahraman had retracted these claims in a letter which he sent to the speaker of the National Assembly and that the letter had been verified as belonging to Kahraman in a statement by the Assembly speaker, and he requested acquittal for Erbakan and Adak.

Ismail Alptekin, Ismail Muftuoglu and Ali Riza Ener, attorneys for Erbakan and Adak, said that they also shared the prosecuting attorney's views and requested acquittal for their clients.

The judicial committee consisting of President Fahri Yucel and members Vehbi Mutlu and Vahyettin Tuzun concluded that Erbakan and Adak were innocent and ruled acquittal.

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## BRIEFS

TURKS STAGE BERLIN PROTEST--Two days of violent clashes took place between West Berlin police and a group of students and foreign workers who had occupied empty houses. Although the police did not release an official statement, it was reported that the majority of those arrested were Turks. According to information provided, protestors estimated to number in the hundreds started the incidents when police forcefully evicted Turkish workers from houses occupied in the same district. The protest demonstration by Turkish workers who overturned cars, stoned houses and businesses, and broke doors and windows and by German youths in support of them was broken up by police. After the incident 23 youths were taken into custody on the charge of possessing weapons. About a month ago clashes erupted between Berlin police and Turks who had occupied houses, resulting in the injury of several persons. According to police sources, some 40 houses are currently being occupied by foreigners. The occupying groups, most of whom are Turks, are protesting the city's housing problems and high rents. [Text] [Istanbul GUNAYDIN in Turkish 2 Feb 81 pp 1, 4]

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